





New concessions on foreign investment are expected to encourage international banks to resume lending to Seoul

# Reform schedule is price of Korean Christmas rescue

Lim Chang-yul, the South Korean finance minister, doesn't look much like St Nicholas, but at the stroke of midnight on Christmas Eve he delivered the best present his nation ever received.

Mr Lim's surprise announcement of \$10bn from the International Monetary Fund's \$7bn bail-out package brought South Korea back from the brink of declaring a debt moratorium soon.

Seoul had been in danger of defaulting on an estimated \$30bn in overseas debt due by the end of January as its foreign currency reserves evaporated. A debt moratorium by one of Asia's largest economies would have unsettled financial markets from Tokyo to New York.

The emergency \$10bn rescue package, including \$2bn from the IMF and \$8bn from Japan, the US and 11 other nations, is expected to cover much of the shortfall in debt payments over the next five weeks. South Korea said it had \$8.7bn in reserves as of December 24 and another \$5bn coming over

the next month in already scheduled disbursements from the IMF-led rescue.

But South Korea must still persuade foreign banks to roll over short-term debts and entice overseas investors back to its battered financial markets if it is to avoid the threat of a debt default emerging again early next year. To solve this problem, it has agreed to abolish nearly all restrictions on foreign investments in its closed financial markets and banking sector.

The full opening of the capital markets will pave the way for foreign takeovers of Korean companies and increase foreign competition in the financial sector, heralding the end of the nation's protectionist economy.

The new list of deadlines attached to the emergency funds corrected the main weakness of the initial agreement that the IMF signed with South Korea in early December. The lack of a firm schedule for reforms has been blamed for failing to restore foreign confidence.

The new concessions are expected to persuade foreign banks to resume lending to South Korea.

Mr Lim said the IMF and donor governments would advise foreign banks to accept debt roll-overs or maturity extensions. IMF officials in Washington confirmed that they expected "significant" support for Korea from international banks. Korean central bank officials said Japanese banks were beginning to renew loans, while six US banks would meet in New York next week to discuss new financing.

Korea will also send a delegation of officials next month to New York, London and Tokyo to arrange foreign syndicated loans or issuance of a \$300 bond.

The rapid response by Seoul to its latest debt crisis reflects the decisive intervention of Kim Dae-jung, who was elected as president a week ago. Mr Kim, who was a harsh critic of the IMF during his campaign, has suddenly switched to being an apostle of market reforms.

"I will rely on the market mechanisms of supply and demand. I am no longer national-



President-elect Kim Dae-jung (left) meets the chief IMF delegate, Hubert Neiss, in Seoul yesterday.

istic. I welcome all investments whether they come from domestic companies or foreign multinationals," Mr Kim told MPs from his centre-left party this week.

Although he will not be inaugurated until February, Mr Kim has already played a crucial role in arranging the IMF emergency funds while the unpopular current president, Kim Young-sam, was ignored by US and IMF officials who travelled to Seoul.

The new president has criticised the conservative finance ministry headed by Mr Lim for "foot-dragging" on promised reforms and ordered him to speed the pace and disclose the exact amount of foreign debt.

"The president-elect has done more in a week than his predecessor achieved in five years," said Park Moo-jong, the political editor of the Korea Times.

The change reflects the influence of several market-oriented advisers, including Yon Jong-keun, a US-educated provincial governor who is a firm supporter of foreign investment and critic of Korea's state capitalism. Mr Yon is being tipped as the next finance minister. If he assumes the post, he will supervise the reforms agreed this week.

These include allowing foreign investors to acquire 55 per cent of listed companies from December 30 and 100 per cent by the end of next year. Foreign takeovers will be limited to "friendly" bids. The bond market will also be fully opened by the end of 1998.

South Korea is required to repeal its interest rate ceiling of 40 per cent in two months, which should lead to stabilisation of its currency, the won, and promote increased foreign investments as worries over exchange losses recede. Decisions on how to treat insolvent financial institutions will be made within the next five months, while foreign banks and brokerage houses can establish full operations from March.

Mr Kim has also promised to reform rigid labour laws and permit the sackings of workers in corporate takeovers. The inability to make redundancies has been regarded as a key barrier to foreign takeovers.

Bankruptcy proceedings will be improved and uncompetitive companies will be allowed to die instead of being rescued by the state. Analysts expect a new round of corporate collapses next year if companies prove unwilling to sell assets to cash-rich foreigners, which would raise capital to pay off their huge debts.

John Burton

## Strict conditions imposed on bail-out

The South Korean government was adamant that it wanted to avoid a default or a moratorium on its foreign debt, and agreed to strict conditions on the \$10bn emergency funding agreed over Christmas, according to western officials close to the bail-out negotiations.

They said the IMF, the US and other G7 countries had decided to step in on Christmas Eve to staunch the flow of reserves, which was being severely exacerbated by the fact that the Korean Central Bank was making cheap dollar loans to Korean commercial banks to permit them to service their foreign debts.

A key condition of the deal is that the Central Bank must raise the cost at which commercial banks borrow dollars from it, increasing the incentive for the banks to raise dollars independently, perhaps by selling some of their overseas assets.

Western monetary officials were delighted yesterday at the initial positive market reaction to the package, but cautioned that it was too soon to tell whether the new plan would restore confidence.

Speaking on Wednesday, after announcing the new package, Robert Rubin, the US treasury secretary, acknowledged that there was "no guarantee" that the measures would work. The US decision to provide the emergency funds represents a reversal for the treasury, which had insisted that US funds would be used only as a "second line of defence".

By making new funds available now, Mr Rubin is implicitly acknowledging that the US approach to the crisis so far has not worked.

South Korea agreed to several other conditions for the new funds, raising interest rates to attract foreign portfolio investment; broadening the scope of capital account liberalisation; and undertaking significant labour market reforms, including allowing companies to shed labour and enjoy greater wage flexibility. The government also committed itself to institutional reforms of the financial sector, including creating an independent central bank and bank regulatory body, perhaps as early as this week or next.

Western monetary officials said Korea was not on the point of immediate default before the move. "They weren't about to go the next day," said one. Seoul had enough foreign reserves to meet obligations through to the end of the year, but this was not sufficient to restore confidence, they said.

The bail-out package was carefully co-ordinated with foreign commercial banks. US officials were in touch with Korea's American commercial bank creditors, but monetary officials insist that any decision by US banks to roll over loans must be "voluntary" in order to be effective.

Monetary officials said they were cautiously encouraged by the new team of government officials in Seoul, saying there were signs that the new administration might have the political will to undertake the reforms needed to deal with the crisis.

The German government said the plan for immediate help had been agreed "harmoniously" with other participating countries following a series of mainly telephone conversations led by Jürgen Stark, state secretary in the Bonn finance ministry. It reflected an assessment of the financial situation in South Korea.

The revised credit package had been agreed with Hans Tietmeyer, the Bundesbank president.

In Australia, Peter Costello, federal treasurer, warned yesterday that Australian exporters to Korea would suffer from the country's "very severe" economic downturn. The international package, however, would be of significant benefit for those exporters, he said.

"Australia is making this loan as part of the international effort because it's in our interest to stabilise the situation in Korea... [The loan] is very much in the interest of Australian exporters and in the interests of the Australian economy," Mr Costello said.

Korea is Australia's second largest export market, after Japan, and last year accounted for nearly 23 per cent of Australia's entire mineral exports to Asia.

Additional reporting by Ralph Atkins in Bonn and Gwen Robinson in Sydney

## Congress may add strings to IMF funding

By Nancy Dunne in Washington

The IMF is set to come under intense scrutiny from both sides of the US political spectrum when President Bill Clinton seeks approval for a \$3.5bn "arrangement to borrow" fund and a further \$14.5bn for the US share of new IMF resources.

Approval will depend largely on whether the IMF agrees to include workers' rights conditions in further country bail-out packages. The deal to accelerate multilateral assistance to South Korea is likely to beighen Congressional concerns over the need to include workers' rights conditions in future country bail-out packages.

There is little likelihood that Republicans, conservative members of Congress such as Senator Faircloth, will ever vote for IMF funding. The Heritage Foundation, a think-tank respected among conservatives, says in a new paper entitled *Down the Drain: Why the IMF Bail-out to Asia is Wasteful and Won't Work*. "The US should move immediately to withhold additional funding for the IMF. In the longer term, the US should... seek reimbursement for all the money it has contributed."

Jack Kemp, former Republican vice-presidential candidate, has called for the firing of Michael Glickman, IMF managing director, because his "prescription of a slow-down in growth is outrageous".

However, the IMF package will probably succeed on grounds of national security and the fear by opponents of being held responsible for systemic disaster.

## Could Indonesia be next to face debt crisis?

After South Korea, is the spotlight now likely to fall on Indonesia? Its currency has fallen sharply in recent weeks amid worries about the health of President Suharto and the ability of local companies and banks to repay short-term debts.

Yesterday Marlie Muhammad, the finance minister, studiously declined to comment on a report by Indonesian W.I. Car Securities that put Indonesia's foreign debt at \$200bn, almost twice the official figure of \$117bn.

While the rupiah's steepest falls have come in thin trading, economists such as Neil Saker of SocGen-Crosby in Singapore believe Indonesia has been suffering from

serious capital flight. Moreover, in stark contrast to Korea's latest pledges to restructure its economy, Indonesia has made little progress with its \$37bn IMF programme agreed in October. "There's still a question mark about Suharto's will to implement these measures," a western diplomat said.

Rather than fulfil promises to cut expenditure, streamline the banking sector and produce more transparency in the use of government funds, Mr Suharto backtracked. He allowed his son to reopen a bank that had been closed as part of the reforms and let his daughter revive an expensive power project.

There have been widespread rumours in financial markets that

Mr Suharto has distanced himself from his finance minister. Mr Marlie is widely respected in international financial markets and popular with the broad public for his tough stand on corruption. He is less well liked by the establishment, who have nicknamed him Mr Bean, after the comedian.

Because of his glib demeanour, "Even in the ministry of finance there is doubt about whether he will still be minister after the presidential election in March," says Umar Juoro, senior economist with a Moslem think-tank.

Two of Mr Suharto's sons, likely to see their business empires curtailed if the IMF package were implemented, have publicly

attacked Mr Marlie and fellow reformers.

But as market pressures have grown, Mr Suharto has recently resumed signals of a desire to see the IMF programme through, and on Wednesday called for a tight budget on January 6.

Suharto knows he does not have much choice. He needs the resources of the IMF and the World Bank, says Muhammad Sadi, a former minister. "The budget will give a good indication of the seriousness of the government."

Indonesia is already living from hand to mouth. Short-term debt is equivalent to 180 per cent of reserves, which is much higher than in other south-east Asian

countries, adds Ian MacFarlane, regional equity strategist for Paribas Asia Equity in London.

It is uncertain how willing western governments would be to rush in with extra emergency cash if Indonesia did brush with default. Its economy is half Korea's size and its problems have less effect on the world economy. Yet Indonesia is also a country whose political unity is skin deep. Since its many islands straddle vital shipping lanes, Japan and the west could ill afford political chaos that could flow from an economic collapse.

Peter Montagnon and Sander Thoenes

## G7 banks start to roll over loans

By George Graham in London and Richard Waters in New York

Commercial banks from Group of Seven countries have started to roll over their loans to South Korean banks as efforts to restore confidence in the battered Asian economy got under way this week.

Officials from six leading US banks were called in to the Federal Reserve Bank in New York on Christmas Eve for talks about South Korea's short-term debt - the first such meeting since the Mexican peso crisis.

The six - BankAmerica, Bankers Trust, Bank of New York, Chase Manhattan, Citicorp and J.P. Morgan - are believed to have the largest amounts at stake in the event of a default, according to a Federal Reserve official. Details of the banks' loans were not released, though Citicorp has revealed that its total exposure to South Korea - including investments in its own operations in the country - stood at \$2.3bn at the end of September.

The US banks said in a joint statement: "It is our firm belief that a market-oriented private sector financing initiative offers the best solution to Korea's short-run liquidity concerns and enhances the prospects of Korea's early return to the capital markets."

In London the chairman and senior executives from the main UK banks were summoned to the Bank of England on Christmas Eve

to discuss the matter. Similar meetings were also called in other G7 countries, as the International Monetary Fund, the World Bank and 13 governments promised to speed up release of cash to South Korea, to help it meet its commitments.

G7 officials were anxious the cash they poured into South Korea should not simply pour out of the back door to repay private sector banks asking their Korean counterparties to repay their inter-bank deposits.

"This is not an exercise in which G7 central banks and governments bail out the commercial banks," one G7 official insisted.

UK bankers said there had been little resistance to the central banks' suggestion that private sector creditors

should roll over any loans which they would in normal market conditions have expected to renew.

"The general feeling was this was what had to be done and it was in everyone's business to get it done," said one London banker.

Early signs foreign banks would do what their governments asked came as Korea's Chung Ho Bank said yesterday that Lloyds Bank of the UK had tentatively agreed to roll over a \$5m loan scheduled to mature on Monday.

Housing and Commercial Bank also said Japan's Bank of Tokyo-Mitsubishi had agreed to roll over a ¥100 (\$7.7m) one-month loan.

One US banker said a second bank meeting would be held early next week, and the banks had not ruled out

extending new credit to South Korea, as well as rolling over existing loans. However, a second bank suggested recent reports of a new \$30n international bank loan were inaccurate, and any new credit was highly unlikely.

Commercial banks also plan to discuss Korea's plight with "other major financial institutions active" in the country, an apparent reference to US mutual funds and other investment institutions that may have bought short-term Korean debt. Large mutual fund holdings of Mexican debt worsened that country's crisis in early 1995, as many foreign investors pulled their money out instead of getting involved in a concerted effort to support the country.

Japan's 10 leading banks said yesterday they would seriously consider measures to help South Korea overcome its financial crisis, but hinted that their willingness to extend new loans or to roll over maturing short-term credits would depend on action by banks in the US and Europe.

The banks, which are thought to account for at least a quarter of Korea's total \$100bn short-term debt, acknowledged the importance to world financial stability of resolving Korea's problems, but stressed the need for any measures to be

based on market principles. Yesterday's statement followed recent discussions with government officials, after the Japanese government and South Korean central bank called on them to provide new support.

Analysts said the banks' reply, which was blander than expected, indicates some institutions are continuing to resist any form of blanket roll-over of debt and are concerned that Japanese banks should not extend the maturity of their credits while those from other banks are repaid.

Japanese officials have also suggested that Japanese banks could put together a

package. Some banks are understood to favour the scheme and most are also understood to have maintained their lending levels. However, executives pointed out that growing pressure on capital was prompting Japanese banks to trim their assets and many would be reluctant to expose themselves to new financial risk.

Japanese banks are believed to account for a large portion of South Korea's short-term loans at present. At the end of 1996, they accounted for \$24.3bn of the total lending to the country, or about a quarter of the total, according to data from the Bank for

International Settlements.

Several said that they would need more guarantees from the Korean government or IMF before extending new loans. Without such guarantees they would also only be willing to roll over maturing credit on a case-by-case basis. "We have not yet decided what to do with existing loans, but many banks are uneasy about extending more at present," said a senior executive.

Another official said: "Unless we have some guarantees, I think any roll-over of loans would be on a case-by-case basis."

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## Japan's top banks offer cautious help

By Gillian Tett in Tokyo

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visited Tokyo earlier this week, and called on the Japanese banks to provide support. Eisuke Sakakibara, vice-minister of finance for international affairs, also visited a number of the largest banks and urged them to maintain their lending.

The move highlights the degree of concern now felt in Tokyo about the apparent failure of the earlier offers of IMF support to stave off the loss of confidence in Korea.

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## NEWS: UK

Better co-ordination could bring a dramatic boost to capital's economy, says study

## Hope for London's inward investment

By Alan Pike,  
Business Services  
Correspondent

Co-ordination of inward investment by the proposed London Development Agency offers hope of producing dramatic improvements for the capital's economy, a study by Greater London Enterprise concludes.

Inward investment activities in London, says the report, are divided between about 50 organisations, with little strategic or operational

linkage between them. "Even without additional expenditure, stronger co-ordination under a single strategy would dramatically improve the effectiveness of the inward investment effort."

Needs of companies that were considering locating in London must, it stresses, "be put above local or sub-regional considerations". Attracting and retaining employment in London was of more importance than the particular area within the

capital selected by an individual company.

The LDA will be set up in April 1998, under the government's proposals for development agencies in all the English regions. It will work in conjunction with the new mayor and assembly that will, subject to a referendum in May, come into effect in 2000.

Greater London Enterprise - an economic development company owned by 13 London borough councils - is the successor of the former

Greater London Council's enterprise board. It calls for the LDA to be established as a "dynamic, decisive and creative body" providing leadership of a London-wide economic development strategy.

"Given the strategic links between economic development and planning, education, housing, transport and the environment, the LDA's strategies and programmes need to be integrated with those of the new bodies which will lead those func-

tions in London." But the report emphasises that the LDA should concentrate on strategic activities rather than running programmes. Organisations equipped to carry out operational roles already existed. There was no contradiction between seeking coherence and consensus at regional level, and "allowing or even encouraging a proliferation of delivery organisations and ideas below that".

Use of contracts in a competitive environment would

enable the LDA to improve the effectiveness of programmes and their value for money. "The impact the LDA can make over time is enormous, but it will have to work within existing budgetary constraints. It will need to make the resources and assets work harder - cutting costs, getting better value for money and pulling in additional investment from non-governmental sources including both Europe and the private sector."

## Further delay hits Channel rail link

By Charles Batchelor,  
Transport Correspondent

Construction work on the £5.4bn high-speed rail link between London and the Channel tunnel is expected to start as planned on April 1 despite the missing of a Christmas deadline to appoint contractors for £500m of tunnelling contracts.

London & Continental Railways, the promoter of the 68-mile link, said it expects to award the first contracts in early 1998 when final negotiations have been completed.

"We are prepared to accept a slight delay to get the final details right," the company said. "The negotiations will be completed early in the new year."

The award of the first construction contracts has taken on an additional significance in the light of growing concern in the City that the project, the most ambitious piece of rail construction to be carried out in the UK for nearly a century, was in trouble.

LCR has denied it is in difficulties. But disappointing passenger numbers, reports of tension between shareholders and news that it was in talks with seven potential partners to share costs, have fed doubts. The company was also forced to postpone plans for a stock market listing from late 1997 to mid-1998.

The forecast that preferred contractors for the first tunnelling work would be appointed by Christmas 1997 came in a statement issued as recently as November 13 confirming that the project was going ahead as planned.

The largest of the early contracts to be awarded consists of £300m of work to build a large underground concrete "box" at Stratford, east London, to house an international and domestic station, and 7.5 miles of tunnels. This is expected to go to a joint venture of Balfour Beatty and Amec, according to reports in the construction industry.

One reason for the delay in reaching agreement is believed to be LCR's insistence on placing the risk for unforeseen tunnelling problems with the contractor. This is making it difficult to strike a partnering deal where both sides try to achieve savings and share the benefits, construction industry managers said.

The main shareholders in LCR are Bechtel, a US project management group; SBC Warburg, an investment bank; the National Express coach group and Virgin. Richard Branson's diversified group.

LCR was awarded a 999-year concession to build and operate the line, which will cut 30 minutes of journey times between the UK and continental Europe. The link is due to open in 2003.



Tailing the hunters: anti-blood sport campaigners protest at the Boxing Day meeting at Maldon in Essex yesterday

## Ban on hunting 'certain by 2002'

Tony Banks, sports minister, said yesterday he was "certain" that hunting with hounds would be banned before the next general election, George Parker writes.

Mr Banks indicated that the government was likely to provide parliamentary time for an anti-hunting bill over the next three years, even though a private members' bill before the House is expected to run out of time.

"As I'm aware... we'll see an end to fox hunting during the course of this parliament," he told Radio 4. He was speaking on the busiest day in the hunting calendar, with at least 150 Boxing Day meets around the country.

## N Ireland talks lack spirit of goodwill

Agenda stalled by accusations of 'one-sided' concessions to Irish nationalists

Caution rather than compromise was the leitmotif as the Northern Ireland peace talks broke for the Christmas holiday with no agreement on a starting agenda.

With the session adjourned until January 12, the focus has shifted to the concerns of the pro-British loyalists about what they see as "one-sided" concessions to republicans, who favour a united Ireland.

British and Irish officials have accepted the need to maintain public confidence in the talks. But the danger is that an inducement to one side is seen as a betrayal by the other. In the wake of the pre-Christmas release by the Dublin government of nine Irish Republican Army

inmates, David Ervine, chief negotiator of the pro-British Progressive Unionists, has talked of "dirty dealing" behind the scenes.

The DUP, the political wing of the paramilitary Ulster Volunteer Force, is incensed at a decision to rule against early release of two UVF prisoners.

In a further setback, the Rev Roy Magee, the cleric instrumental in bringing about the loyalist ceasefire, resigned from the Northern Ireland parliaments commission; he was the only Protestant member of the body appointed to adjudicate on contentious marches by the Protestant Orange Order.

The smaller parties' difficulties were aggravated by

the failure of the main parties to agree even a list of principal issues at the heart of the dispute.

The Ulster Unionists were aware that putting their name to anything would leave them exposed to weeks of subterfuge as the more hardline loyalists - the Democratic Unionists led by Rev Ian Paisley and the UK Unionists - unpicked what had been agreed.

Equally, in a bid to avoid further dissent in the IRA, the Irish government seemed reluctant to press Sinn Féin, the IRA's political wing, to adopt what had been tentatively agreed between the Ulster Unionists and the main nationalist party, the Social Democratic and Labour party.

The hope is that all sides will be more willing to compromise after the holiday. Publicly at least, the two governments remain upbeat, insisting the outline of a deal "has been accepted for some time".

But the body language was hardly auspicious. There were no Christmas crackers and little bonhomie at Stormont, the talks venue.

George Mitchell, the former US senator who chairs the talks, insisted he would stick with it. But Bertie Ahern, the Irish prime minister, has suggested the talks might find a more conducive setting in London and Dublin, describing Stormont as "not Heaven".

Critically, Sinn Féin has

done little to prepare its supporters for an outcome which is likely to fall short of a united Ireland.

Under the rules of the talks, Sinn Féin's backing is not essential to progress in the negotiations. But their role in any future referendum to ratify what has been agreed could be crucial.

The margin could be very tight, perhaps less than 10 per cent if Sinn Féin were to join the DUP and UK Unionists in an unholy alliance opposing a deal.

"And the last thing the two governments want to do is seed the parties supporting a settlement into a referendum that they then lose," said a British official.

John Murray Brown

## Food industry resists cost of funding new agency

By George Parker and  
Scheherazade Daneshkhu

Britain's food companies are resisting government plans to make them meet the costs of the proposed Food Standards Agency, due to be created by 1999.

Ministers have decided that the agency should be funded by the food industry through a new licensing regime, rather than by the taxpayer.

Senior food industry executives

have been warned that the cost to the sector could be about £20m a year, but the government believes the new charging system would be fair.

The Ministry of Agriculture yesterday did not dispute the accuracy of a leaked final draft of the FSA white paper, due to be published early in 1998, which set out plans for the new food licences.

The draft, obtained by The Independent newspaper, said: "The government believes the food industry

should bear the bulk of the costs of improving food safety and standards."

"The food industry as a whole will benefit from the improved public confidence in food safety and standards that the FSA is likely to bring."

It went on to propose that a "comprehensive system of licensing with charges" would be the best way of funding the new agency.

A number of food company executives

said yesterday they were aware of the proposal, but declined to comment. However, one insisted that the industry was still lobbying ministers and that there was "still some way to go" before the white paper was published.

The idea that the agency should be funded by the industry has alarmed the Consumers' Association, which said the arrangement could compromise its independence. "We would like to see food safety tackled as independently as

possible," the association said yesterday. "We think the industry should not have to fund the agency or its investigations."

The proposal also diverges from the outline for the FSA drawn up by Prof Philip James last April, at the request of Tony Blair, then leader of the opposition. Prof James said the funding mechanism for the agency should "protect its integrity", and suggested its budget should be provided directly by the Department of Health.

## Straw accused of 'racial antagonism' in election

By Liam Halligan,  
Political Correspondent

Jack Straw, the home secretary, was accused of racial antagonism by his Conservative opponent during the general election campaign, a BBC documentary to be screened tomorrow will reveal.

Geeta Sidhu, a Sikh Conservative candidate in Mr Straw's Blackburn constitu-

ency, claimed Labour party activists lobbied Muslim voters on May 1, attempting to persuade them she was against Islam.

"How can they say that when my husband is a Muslim?" said Ms Sidhu, in Campaign Confessions, a fly-on-the-wall account of the general election. "They are making the campaign racist and personal, so we're taking the gloves off."

Ms Sidhu is then filmed on polling day driving around Blackburn, a constituency which is home to 24,000 Muslims, shouting from a loud-speaker van: "Jack Straw is a Jew. Don't vote for a Jew. Jews are the enemy of the Muslims."

Although the Labour party denied Ms Sidhu's allegations, Mr Straw's office was yesterday unavailable for comment on the home secretary's religious persuasion.

In Roth's parliamentary profile, Mr Straw, often dubbed a "Christian socialist", is listed as "Church of England".

Later in the film, Ms Sidhu showed some regret for her actions. "I did not want racism and bigotry to play a part in this - but I was furious," she said. "I must admit, I wish I had not done it."

Ms Sidhu, a solicitor whose father fought in a Sikh regiment for Britain during the second world war, endured a swing to Labour of 9.7 per cent in Blackburn, about 1 per cent less than the national average.

Conservative central office said no disciplinary action had so far been taken against Ms Sidhu.

But officials added: "These

were foolish remarks, made under the intense pressure of an election campaign - the party does not tolerate racism in any form."

A two-part documentary, Campaign Confessions, features the election trials of 10 candidates from a variety of parties in constituencies as geographically diverse as St Ives in Cornwall and Scotland's Western Isles.

## Struggle continues to restore electricity

By Sheila Jones,  
Northern Correspondent

Electricity companies were yesterday battling to complete emergency operations to restore supplies to about 14,000 homes still without power following storms over the Christmas period.

Six people have died in the storms since Wednesday, with the worst of the weather hitting northern England, Wales and Northern Ireland.

Of the 155,000 electricity customers in the UK who lost supplies on Christmas Eve, about 14,000 were still without electricity yesterday morning. Power companies said they hoped nearly all supplies would be restored by late yesterday although work was hampered by high winds.

Geoff Abel, operations director for Manweb, said: "We suffered a lot of damage and we are now dealing with a major rebuild of part of the network."

Manweb increased emergency staffing from an extra 250 on Christmas Eve to 400 yesterday. It was too early to assess the likely cost of the storms, Mr Abel said. "The operation in the past few days has gone according to plan although I am sure our customers would always say they would like to get supplies back sooner."

Norweb said last night that more than 9,000 customers were still without power in Lancashire and Cumbria. Power was restored yesterday to most of the 8,000 households that lost power in Scotland. In Northern Ireland, about 15,000 customers lost electricity.

Robert Taylor

## Trade unions approach the new year with resolution



John Monks: moderniser

Next year will be "the most important for the trade unions since the 1970s" and promises to herald a restoration of worker power in the UK. That is the belief of John Monks, the Trades Union Congress general secretary in an interview with the Financial Times on the outlook for 1998.

"By the spring we will have 10 separate pieces of government legislation going through the parliamentary process which are pro-worker," he says. "Many union leaders still don't seem to realise just how much this government is promising to implement."

Employers are likely to see the trade union agenda as marking a return to the days of trade union power. But Mr Monks stressed it is concerned with the achieve-

ment of "fairness at work" and restoring a balance in industrial relations for many years to come.

In areas such as part-time employment, restrictions on working time, paid holidays, protection for young workers, unpaid parental leave, consultation rights for employees in collective redundancies and business ownership transfers, the government will be implementing agreed EU legislation. "Many of these proposals stem from the government's early decision to sign up to the European Union's social chapter and abandon the UK opt-out from its provisions", he points out.

The government's continuing promise to introduce legislation that will enable trade unions to secure legal recognition from employers to negotiate pay and

conditions if workers vote for this in a secret ballot remains vital to the trade unions. Despite some fears inside the TUC that Tony Blair, the prime minister, intends to water down that commitment to meet business concerns, Mr Monks remains confident the government will do what it promised.

The "fairness at work" white paper promised for the first half of next year will indicate whether his optimism is misplaced.

However, Mr Monks admits he is "unsure" of the government's intentions towards the trade unions. He speaks of the "fog clearing" during 1998. His relations with Mr Blair are formal, cool but business-like. There are none of the sentimental ties that perhaps dogged earlier relations between Labour prime ministers

and the TUC. Mr Monks speaks of establishing a "close engagement" with the prime minister over the coming months. But it will be based on an acceptance of common objectives to make the UK more competitive and efficient not to resurrect trade union power.

He is keen to point out he was a moderniser long before Mr Blair's New Labour project was launched. He takes the prime minister's appeal to the trade unions - "modernise or die" very much to heart. Mr Monks also stresses the "loyalty and goodwill" being displayed by trade union leaders towards the government despite the difficulties, particularly in the public sector. Many union leaders were under pressure to make public protests over the recent cutting of the single parent premium

but he believes they have showed considerable restraint.

Mr Monks says the TUC is in favour of modernising the welfare state and it backs the government's welfare-to-work programme. But he also warns the trade unions are not going to support any drastic cut in benefits for those who are genuinely disabled.

He is well aware that the prime minister is "not giving up the middle ground" of British politics where he believes the next general election will be won in order to appease trade union demands. However, within mutually accepted limitations, he believes both sides can do business in 1998 without any breaking of their historic ties.

IN NEWS PAGE 1

# Stores facing legal action

Stores facing legal action

# Few MPs want to contest seat

Few MPs want to contest seat

# Courts urged to use their power

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# Deal for directors blocked

Deal for directors blocked

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# Struggle continues to restore electricity

Struggle continues to restore electricity

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## COMMODITIES AND AGRICULTURE

### BENCHMARK GOVERNMENT BONDS

Dec 24	Yield	Price	Yield	Price	Yield	Price
Australia	04/00	100.00	103.541	5.32	-0.06	-0.25
Austria	09/99	7.000	104.2877	4.36	-0.07	-0.14
Belgium	09/00	4.000	104.440	4.24	-0.01	-0.15
Canada	08/98	4.750	104.2800	5.18	-0.03	-0.17
Denmark	09/00	7.250	111.4500	5.84	-0.01	-0.09
Finland	11/07	7.000	110.6000	5.57	-0.01	-0.13
France	04/00	10.000	108.7100	5.14	-0.01	-0.19
Germany	09/99	4.000	104.8200	4.04	-0.01	-0.15
Greece	11/04	7.500	114.2600	5.03	-0.01	-0.12
Italy	07/07	6.750	108.9100	5.48	-0.01	-0.10
Japan	08/00	5.000	112.6900	0.83	-0.01	-0.04
Netherlands	11/09	7.500	105.8100	4.21	-0.01	-0.12
New Zealand	02/07	6.500	107.8072	7.64	-0.10	-0.32
Norway	01/99	6.000	104.8000	5.04	-0.03	-0.05
Portugal	02/07	6.500	104.4000	4.98	-0.01	-0.12
Spain	03/07	7.350	113.4114	5.46	-0.14	-0.35
Sweden	01/99	6.000	104.8000	5.04	-0.03	-0.05
Switzerland	08/07	4.500	110.3500	3.21	-0.01	-0.08
UK	09/99	6.000	104.8100	5.71	-0.01	-0.14
US	10/98	5.875	109.8070	6.70	-0.01	-0.05
ECU	04/07	5.000	101.2000	5.85	-0.09	-0.28

London closing. \*New York closing. Source: International Data/FT Information. Yields shown for last available date. Yields shown for last available date. Yields shown for last available date.

### US INTEREST RATES

Rate	Dec 24	Dec 23
1 month	5.25	5.25
3 month	5.25	5.25
6 month	5.25	5.25
1 year	5.25	5.25
2 year	5.25	5.25
3 year	5.25	5.25
5 year	5.25	5.25
10 year	5.25	5.25
30 year	5.25	5.25

### BOND FUTURES AND OPTIONS

#### France

##### NOTIONAL FRENCH BOND FUTURES (MATF) FF500,000

Mar	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	101.68	101.64	-0.04	101.70	101.64	42	138,767
Jun	101.70	101.64	-0.04	101.70	101.64	2	125
Sep	101.70	101.64	-0.04	101.70	101.64	2	125

##### LONG TERM FRENCH BOND OPTIONS (MATF)

Strike	Price	Call	Put
97	5.78	5.78	5.18
98	4.78	4.77	4.24
99	3.78	3.81	3.38
00	2.78	2.88	2.30
01	1.78	1.84	1.82

Est. vol. total, Call 5.88, Put 5.87. Previous day's open int. Call 63,401, Put 84,141.

#### Germany

##### NOTIONAL GERMAN BUND FUTURES (LIEFF) DM250,000 100ths of 100%

Mar	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	104.84	104.81	-0.03	104.87	104.81	4767	241,117
Jun	104.84	104.81	-0.03	104.87	104.81	0	1144

##### BUND FUTURES OPTIONS (LIEFF) DM250,000 100ths of 100%

Strike	Price	Call	Put
10000	0.52	0.82	0.74
10050	0.50	0.58	0.54
10100	0.14	0.38	0.38

Est. vol. total, Call 658, Put 522. Previous day's open int. Call 119,594, Put 127,020.

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Strike
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## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
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Saturday December 27 1997

## Middle way in Europe

There is a widespread conviction in the English-speaking countries that continental Europe has disappeared up an economic blind alley, beset by labour market rigidities and incapable of innovation or job creation. An equal and opposite conviction among continental Europeans is that the creative destruction beloved of US economic liberals generates jobs, but at the cost of great inequality and urban strife.

While the debate smacks of sterile caricature, it nonetheless raises an important question. In a global capital market, can continental Europe preserve the post-war values of social cohesion and co-operative behaviour at work by adhering to a middle way between socialism and the market?

Social cohesion is threatened by demographic trends. Inter-generational solidarity will weaken, as a smaller working population supports more elderly people. Pensions, financed mainly on a pay-as-you-go basis, are the biggest item in European government budgets. The readiness to pay for them is waning.

Even after the push to meet the fiscal criteria of the Maastricht treaty, every country in the European Union has a deficit in its structural budget deficit. As Robert Skidelsky of the London-based Social Market Foundation has put it, such deficits are a tell-tale sign that something is awry in the relationship between the state and its citizens. They also invite the discipline of the capital markets, in the shape of high real rates of interest.

The legitimacy of the taxing and spending equation is unlikely to be restored without resort to increased funding of pensions in continental Europe. Since this involves double payment for pensions by the same generation, it is not obviously helpful to social cohesion – though if UK experience is any guide, most people are unaware of the penalty.

### Stakeholder pensions

If there is a middle way here, it lies in avoiding the individualistic excesses of the British personal pensions scandal and opting for increased provision of second-tier pensions through companies, unions and other collective bodies. This is the Tony Blair model of stakeholder pensions. The trick will be to find a simple, transparent form of saving which requires minimal supervision. The scope to

redistribute to the less well-off will largely be confined to the first-tier state pension.

In the European workplace the issues are equally difficult. Many of the institutional structures that have encouraged management and workers to commit themselves to non-opportunistic, co-operative behaviour have been reinforced by subsidies. Those that have been awarded at the expense of savers are no longer sustainable since savers and investors have been empowered by globalisation. They can look elsewhere for higher returns.

### Declining employment

At the same time cross-subsidies within companies that derive from practices such as seniority pay are being undermined by the decline of lifetime employment. Management in Germany, for example, is increasingly conscious of the money cost and loss of managerial prerogative inherent in co-operative arrangements such as co-determination. Under competitive pressure, its response is to export jobs abroad.

In the absence of a more brutal market in corporate control, backed by the threat of hostile takeovers, it may still be possible for management, employees and other stakeholders to commit to long-term behaviour.

Yet if the average career pattern is likely in future to entail several job changes, values of loyalty and commitment will have to come less from the institutional structures in the workplace than from equity ownership. In those countries of northern Europe which are already richer in terms of per capita income than the US, such a shift from workplace stakeholding to an ownership stake is a natural progression. The employees can afford to expose themselves to market risk, whether in the form of defined contribution pensions or direct equity holdings.

For countries used to enjoying the economic benefits of mutual trust enforced by law, such a compromise may appear to fall short of a middle way. But it is something more than the minimalist prescription of neo-classical theory which assumes that reliance on the market and on managerial hierarchies does not need to be buttressed by social infrastructure. To pronounce social cohesion dead in Europe is premature. But new institutional forms, including more equity ownership, are needed to sustain it.

If it were any other institution, the changes would be called cosmetic. But the British monarchy is not like politics or business, where style is distinguished from substance. In the reigning game, style is substance.

For informality's sake, the Queen's traditional Christmas Day broadcast was to have been delivered live this year, but technical considerations got in the way. Nevertheless, it did contain indicators of the creeping modernisation of the royal family, which has accelerated this year.

There were pictures of the golden wedding couples at a Buckingham Palace garden party, as if to emphasise the Queen's sympathy with "ordinary" people. There were shots of the restored Windsor Castle, burned towards the end of the Queen's amuse horribles of 1992, as if to symbolise the resurrection of the House of Windsor in popular esteem.

Since the death of Diana, Princess of Wales, in a car crash in Paris in the early hours of August 31, every word and gesture of both the Queen and Prince Charles has been scrutinised with shamanistic fervour for signs of their conversion to a more folksy style. Sometimes, complain palace advisers, that has led the press to discover things that were never there or to claim as innovations things done routinely for years.

Visiting Pakistan in October, the Queen told the senate and national assembly in Islamabad: "I sometimes sense the world is changing almost too fast for its inhabitants, at least for us older ones." This was read in some places as a substantive admission of an old-fashioned outlook on life – after all, Elizabeth was born just before the UK's general strike in 1926 – if not as a hint, which it certainly was not intended to be, that she was ready to abdicate to make way for her son.

No rune-scrabblers were needed to interpret the Queen's remarks, or the context of them, on her golden wedding anniversary last month. At the "people's lunch" laid on for her in Inigo Jones's great Banqueting House on Whitehall she shared a table with a jockey, a policeman, a girl guide, a nurse and an assembly-line worker from Nissan's UK car plant.

In her speech she gave a joking hint of her own technophobia when she talked about "the mass media culture" and mused: "Think what we would have missed if we had never heard the Beatles, or seen Marge Fonteyn dance, never have watched television, used a mobile phone or surfed the net – or, to be honest, listened to other people talking about surfing the net." It so happened that in March the Palace had set up a web site called "royal.gov.uk" with some 150 pages of information on the family's history, functions and finances. The Times quoted a palace spokeswoman as saying: "We don't sit here with quill pens, you know."

But the meat of the Queen's message came in her observation that hereditary monarchs, like governments, can only exist with

the support and consent of the people. "For us, a royal family, however, the message is often harder to read, obscured as it can be by difference, rhetoric or the conflicting currents of public opinion. But read it we must."

It may be, as the Palace contends, that the life and death of Diana made press and television lose sight of the modernisations that had happened in the previous 10 years. Outsiders say time will show Diana's death to have been a watershed. As Robert Houston, editor of the magazine *Royalty*, put it: "Di changed the game."

She achieved that by showing, in spite of her exaggerations, how much people want contact with their royal icons. The enormous public mourning at her death is being interpreted by some at the Palace as evidence of an abiding fervour for royalty. Whether the religious character of the Diana worship was benign or sinister, however, is a different question.

The enthusiasm with which the Queen and her advisers have talked about Diana's legacy, her "hands-on" style, her accessibility, her choice of issues, is no doubt sincere. But her death,

shocking as it was, brought both respite and reconciliation: not only did it frighten off the tabloid snappers and their editors, it removed the story that daily dominated the royal round, almost always putting the family in a bad light.

Furthermore, it gave the Queen an opportunity – more, it compelled her – to prove that she still enjoyed the public's loyalty. An arduous television broadcast, ending what the Palace sees as the two blackest days of that week in September between Princess Diana's sudden death and her epic funeral, appeared effortlessly to restore the monarchy's grip on public affection.

Diana's missions of mercy, meanwhile, had put the Queen's humdrum engagements in the shade. They had even obscured the very considerable charitable work of Diana's ex-husband, mother and her husband – looked more like a concession wrung from a reluctant monarch than a voluntary attempt to get in tune with the age.

Charles is said to be the most active member of the Way Forward group, a body which meets every six months and comprises also the Queen, Prince Philip,

"People may think Charles looks like Bertie Wooster in bad rep, but he knows what he is doing," says Mr Houston. "He's not just taking potato-peelings around to the peasants."

It was Charles who is credited with the proposal that he and his mother should pay tax on their private incomes. It was not his fault that the plan, long in germination, was mishandled. As Ben Pimlott, professor of politics at Birkbeck College, London, recounts in his recent biography of the Queen, the announcement was badly timed. It came just after the Windsor fire, at the end of a year in which revelations of the sex and shopping antics of the younger royals had made the public gasp.

Both the tax plan and the simultaneous decision to limit the civil list to three members of the family – the Queen, her mother and her husband – looked more like a concession wrung from a reluctant monarch than a voluntary attempt to get in tune with the age.

Charles is said to be the most active member of the Way Forward group, a body which meets every six months and comprises also the Queen, Prince Philip,

## 97 The year that shook the monarchy

# Royal route to change

Diana's death has forced the Palace to speed up its reforms, says Christian Tyler



Princess Andrew and Edward, the Princess Royal, Sir Robert Fellowes, who is the Queen's private secretary, his deputy, Charles's private secretary, and the Keeper of the Privy Purse.

Among the questions it has considered, or will do, are whether sons should continue to have precedence over daughters in the succession; whether the monarch should be allowed to become, or to marry, a Roman Catholic; and whether the official family should be whittled down.

Changes in the past year have been few and minor, considering the volume of speculation and debate it has brought. The royal yacht Britannia was decommissioned this month, and the Queen was photographed wiping away a tear at her departure. There will be no replacement.

From April, the family's transport arrangements were removed from government departments and put under one account at the palace. An annual report on use of the transport budget will be made to parliament. Accounts for the civil list expenditure on housing and staff will be open to inspection by parliament. The Commons public accounts committee is expected to lodge a request soon.

Other recent modifications include a relaxation of the Queen's diary. Her public engagements used to be fixed for half a year ahead. Now gaps are left for visits that seem urgent or topical. Advice is being sought on the kinds of work and institution the family should bless by its presence. The Queen's press office, headed since February by Geoffrey Crawford, an Australian, says it is giving more briefings and fewer "No comments".

Even so, there is broad agreement that the Palace is unlikely to change much so long as its advisers continue to be drawn from a narrow slice of upper-class society – what Prof Pimlott calls the "tweedies".

Moreover, there is no evidence that the Queen wants to change. Because of her age, and the mores of the generation to which she belongs, it is said she could not alter her style, even if she wanted to. "The Queen's strength is that she doesn't change very much," her aide, the Duchess of Grafton, is quoted by Prof Pimlott as saying. She believes it is her job to represent continuity, as well; her older subjects would not forgive her if she forced herself into the "touchy-feely" mode now in fashion.

Next month the monarchy will get a different kind of progress report. The Oxford Union is to debate a motion along the lines of "This house believes the monarchy has outlived its usefulness." The job of defending the institution has fallen to Prof Pimlott, Mr Houston and the former minister David Mellor.

Oxford's young elite will be invited to consider a further paradox. Not only is the substance in the style, where royalty is concerned, the mystique of monarchy is largely a public creation. How otherwise could this archaic institution, based on an anachronistic principle, survive so long? The public's patience may not be limitless, as the Queen acknowledged. But it is pretty enduring.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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### Weakness in proposition of merging religions

From Mr John P. Heron.

Sir, After reading Joe Rogaly's article "Time for religions to merge or bust" (December 20-21), I have to say – if the headline is to be taken seriously – that, as a member of the Council of Christians and Jews and of the South London Interfaith Group, I see increased tolerance and understanding between leaders of the different religions in this area, but no prospect of mergers within any foreseeable future.

Such mergers can take place only on the initiative of and within individuals. They are needed here because the current of spirituality from European Christian institutions has become too feeble to provide a cure for souls under present conditions.

As the theologian Dietrich Bonhoeffer said, Christianity has taken religion further than any other religions. But in present day traffic Christianity on its

own is too fine and demands too great a leap of faith. I need to change down a few gears to get more immediate spiritual power.

I have benefited from adopting a spiritual practice, Siddha Yoga, derived from Hinduism (more specifically Kashmiri Shaktism), involving chanting, contemplation and meditation under the onus of a guru. This is without abandoning my hereditary religion – Anglican Christianity.

An unintended side-effect of Siddha Yoga has been to increase my appreciation and enjoyment of the spiritual content of Christianity, to nourish my Christian roots. It would be a great mistake to pull them up, with their values.

John P. Heron,  
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### Seating fee is the answer to 'no shows' at restaurants

From Mr Keith Wedmore.

Sir, "No-shows are destroying the restaurant-client relationship," writes Nicholas Lander ("Full books, empty tables", December 20-21). Perhaps the problem spread from the US, where began the airlines' sad custom of offering no-shows flights not to forfeit their ticket money. In any event it has spread to restaurants. Mr Lander tells us that one San Francisco restaurant, Rubicon, had 60 no-shows one Saturday. Everyone suffers. You reported a couple of years ago that Parisian restaurants were increasingly reluctant to accept American reservations, and I think I know why.

Mr Lander says some restaurants are "playing it tough" and "insisting" that the engagement of the table is a contract. Please, this is not a matter of "intolerance". It is common sense, good law and the solution, whether the contract be oral (for example, on

the telephone) or not. I know that Visa is said to disallow as chargeable a straight "deposit" *tout simple*, on the basis that no services or goods have been supplied where no meal has been served.

This can be got round. Your receptionist, credit card vouchers in hand, merely has to offer and book a table for the time of the meal at say £10 per seat (or whatever the average profit on a meal there is, which will overcome the legal objection to "penalties"), and has to say that that fee, a fee to use those seats at that time, will be non-refundable, but will of course come off the meal charge.

I cannot imagine any honest person objecting to this; cooks should love it; diners will cease to be handled with suspicion.

Keith Wedmore,  
3 Cornelia Avenue,  
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California 94041-1840, US

### High interest rates not the aggravating factor

From Mr Andrew Beith.

Sir, As a former staff member of the International Monetary Fund, I have read with interest the recent criticism of its role in the Asian crisis. In your leader ("The IMF and its critics", December 17), I believe you err in arguing that the IMF has not restored confidence probably because high interest rates aggravate the underlying illness.

In the present crisis circumstances, high interest rates are an unavoidable, if unwelcome,

necessity to stabilise the financial situation. They are, therefore, less a cause than a result of continuing lack of confidence. And this, in turn, I would argue, reflects a failure of the national government authorities to adopt and implement resolutely wide ranging and convincing corrective policies rather than of the IMF to do the job for them.

If I am right, interest rates will only decline once foreign and (poor Malaysia) prime minister Mahathir Mohamed) domestic

agents in the financial markets see that the national authorities are more interested in assuming their responsibilities than in calling "upon the US, the European Union, Japan and international financial institutions to intensify efforts to overcome the crisis" ("Economic clouds darkened summit skies", December 17).

Andrew Beith,  
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### Need to know

From Mr J.J. D'Arcy.

Sir, After reading the "out to lunch" column in your December 20-21 edition ("Swimming through the net with the queen of cyberspace") I wonder whether Michael Thompson-Noel's guest Esther Dyson is by any chance related to his former personal assistant Miss Lee? I think we should be told.

J.J. D'Arcy,  
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# Living under an east Asian cloud

What is likely to happen during 1998? FT writers examine the events that will shape the world during the year

The most revealing predictions made by FT writers a year ago were perhaps those they got wrong, writes Max Wilkinson. On the likely membership of the European monetary union, Lionel Barber correctly said that Spain and Portugal were possible entrants; but he added: "There is no way for the Italians to skip under the tent flap." This might yet prove true. But few foresaw a year ago what a mighty effort Italy would make to join the euro.

Philip Stephens was right that John Major would not be leader of the UK Conservative party and right that the contest for the succession would be a "lottery". However, he did not put the eventual successor, William Hague, in his list of candidates. Not many did.

Martin Wolf must take a prize for being as spot on as an oracle can be about world interest rates. The rise in the UK, the small early rise in short-term US rates and subdued rates in Japan and Europe were all correctly predicted.

John Plender shares the bonours for saying that there would not be a US stock market crash in 1997. He foresaw that the Federal Reserve would be accommodating and said that Tokyo was more vulnerable because of its "absurd" valuations of equities and bonds. Still, the Wall Street bull market cannot go on for ever, so we have asked him the same question again.

Clive Cookson was on to a fairly sure bet that life would not be proved to exist on other planets. But the radio telescopes set up in 1997 to listen for alien broadcasts are still scanning the skies. Perhaps they will make contact in 1998.

Will the east Asian crisis be solved?

Martin Wolf writes: Yes, but not easily. What seemed initially a hiccup now looks like a heart attack. The question now is not only whether the crisis can be halted in east Asia, but whether it will spread even wider. The fact that Korea has managed to stave off default, at least for the moment, should certainly help.

But despite the best lending packages orchestrated by the International Monetary Fund and US Treasury, adverse market sentiment has not yet been turned round convincingly. The solution will be found only by combining a credible commitment to structural reform with measures to halt panic.

Provided there is no worldwide economic collapse, the productive sectors of the east Asian economies will start to spew out exports in 1998. But this stage of the Asian recovery will work only if western countries tolerate a large deterioration in their current accounts. Panic is the danger now; protection may be the threat within a year or two. But the world should muddle through, if only because of the fear of the consequences of failing to do so.

Will Japan recover?

Gillian Tett writes: That is the \$64,000 question - not just for Tokyo, but the rest of Asia. The picture is alarming. Gross domestic product fell 1.4 per cent in the six months to September. Business confidence has plunged. And the Nikkei 225 has slumped below

15,000 after three large banks and brokers collapsed in November. The prospects of a lengthy recession will increase if new problems arise. If Japan's cash-strapped banks slash lending, a wave of bankruptcies could occur.

Can this be averted? The government recently unveiled ¥2,000bn (28.4bn) income tax cuts and ¥10,000bn of funds to stabilise the financial sector. These could boost consumer sentiment and may even restore investor faith in banks. The recent fall in the yen could support exports. But these measures do not look large enough to avoid the recessionary risk. The government has not yet shown it can produce anything more than a "muddle through" policy.

Will there be a last leg to the bull market?

John Plender writes: Yes, barring a financial meltdown in Asia. But it will be an unhealthy and speculative final fling.

The Fed will keep interest rates on hold while the Asian crisis continues - despite a tight US labour market and output growth above trend. Corporate profits will be squeezed as the US becomes a dumping ground for Asian exports. Companies will resort to frenzied takeover activity to boost earnings, increasing the speculative premium in the market. The higher equities go, the more likely there will be a hard landing for the economy. The key question is what his equities first. Fed tightening or diminished earnings prospects. With so much money riding on such high expectations, it will probably take a jolt from the Fed to inject reality.

Will US inflation come back?

Gerard Baker writes: Only if the US economy grows in 1998 as it did in 1997, which looks unlikely.

This year wholesale prices fell, consumer prices were flat and wage pressures were muted - all despite growth expected to have been about 4 per cent.

Some "new age" economists attribute this to fundamental shifts in the nature of economic activity and believe the US can go on indefinitely in this way. But a large part of the explanation for price weakness has been the strong dollar, falling commodity prices and once-for-all declines in some domestic costs, such as healthcare. These may not go on. 1998 will begin with the tightest labour markets in a generation. If demand growth continues at its current pace, companies will be forced to pass on costs to consumers.

The Asian crisis could knock half a point or so off US growth next year, quenching inflationary next year, quenching the economy with another near-perfect soft landing.

What will happen to the pound?

Robert Chote writes: Sterling is likely to remain uncomfortably strong during the early part of 1998, but will end the year much less overvalued than now. Economic



growth in the UK is unlikely to slow as quickly as the Bank of England expects, which together with rising wage pressures will prompt a rise in interest rates at least another quarter-point.

Sterling's recent strength will eventually take its toll on exports, pushing the current account back into the red. Consumer spending will turn out to have been stronger than people thought over Christmas, but will slow later next year. Investment will be unexpectedly strong in the short term and weaken later. Earnings growth may remain a bit too high for comfort. Weak growth and a rising current account deficit will put the skills under strain in the second half of the coming year, pushing it below DM2.70 by Christmas.

Will Asian contagion hurt China?

James Harding writes: A little. So far, Beijing has been immune from Asian flu, sheltered by limited currency convertibility, low levels of foreign debt and its big internal market. But the Asian malaise will be felt in China, as it infuses the exports and foreign direct investment. Key markets for Chinese exports are thinning - especially South Korea and Japan. Greater caution, at least, is likely to throw foreign investment growth into reverse in 1998. These problems will multiply if China is forced to devalue, which would hammer Hong Kong.

What will the internet do for me?

Paul Taylor writes: One of the indications that the internet has entered the mainstream is the bowl of protest raised when part of it falls.

The arrival of new, higher-capacity internet access technologies will enable users to suck out even greater volumes of data from the net. This in turn will add to existing strains, requiring more infrastructure-building programmes and the deployment of more rational access-charging systems.

Will Tony Blair's New Labour be popular in 1998?

Philip Stephens writes: Not as popular as in 1997, that much seems certain. Mr Blair was the political phenomenon of the past year. Labour's landslide defeat of the Conservatives saw it go on to achieve opinion poll ratings never before reached in the post-war years. But eight months on, the old intractabilities over the economy, Europe, and the welfare state, have resurfaced. And for all its presentational glitz, Mr Blair's team has stumbled over one or two big decisions.

So the ratings of government and leader will fall from their

dizzy heights. But the odds are that the prime minister will remain more popular than his administration. His presidential style and easy rapport with the electorate has put him almost above the party. With the economy turning down and leftist MPs getting restless, Mr Blair faces a challenging 1998. It is too soon to say he is not up to it.

Will Emu be on track?

Lionel Barber writes: Economic and monetary union has moved from a distant dream to a virtual certainty. Expect EU leaders in May to decide that 11 countries have done enough to qualify for Emu membership. The Dutch and Germans' private hope has always been that the first wave of euro countries could be confined to the D-Mark bloc. But Italy has almost certainly done enough to reduce the public deficit to squeeze into the euro straitjacket. That leaves Britain, Denmark and Sweden out of the first wave on political grounds.

How will savers fare in 1998?

Gillian O'Connor writes: Savers are heading for a chilly new year. Already December's consultative

Savings Accounts has heralded a regime far less favourable to savers than the existing system. The 1998 Budget looks set to be one in which the middle classes feel their pips squeak. It is expected to include final details of the new ISAs, some revisions to capital gains tax and a tightening of inheritance tax.

What will happen in the US mid-term elections?

Patti Weidmeyer writes: In 1992, it was "the economy, stupid." Next year it will be "the global economy, stupid." Now for the hard part: will the issue of the global economy favour Democrats, Republicans, or the status quo (under which the Republicans command the narrowest House majority in half a decade)?

The simple answer might be that economic growth will be slower, which will hurt incumbents from both parties equally. That does not help a betting man win. There are more Republican incumbents than Democrats, but not by much. Quite possibly, the answer will be simpler: the best man will be who spends the most campaigning. That could help the Republicans.

Will the Russian economy finally grow in 1998?

Yes, says Chrystia Freeland. After nearly a decade of contraction, Russia seems at last to be set for growth. Anatoly Chubais, the first deputy prime minister, is predicting 2 per cent growth next year. The more upbeat OECD is counting on 3 per cent. But the outlook is much less cheery than two months ago since when Asian contagion has pushed interest rates sharply higher. While only the growthiest bear doubts Russia will grow a bit, the aggressive bulls have begun to doubt 1998 will launch a period of robust, sustained growth.

Will oil prices soar?

Robert Corzine writes: That depends on supply, demand and Saddam Hussein. The actions of the Iraqi dictator were one of the main causes of oil price volatility in 1997, and 1998 looks to be a repeat performance. Opec thinks supply will be tight enough to accommodate planned increases. Others think non-Opec output will recover after a bad year in which many fields were delayed by technical glitches and equipment shortages. The key will be whether Saudi Arabia takes up its full quota next year irrespective of prevailing prices or whether it "manages" output.

Will Saddam Hussein be tamed?

Edward Mortimer writes: Alas, most unlikely. This sort of beast cannot be tamed. Either he is slaughtered or he goes on rampaging. The kind of mayhem he could cause if he goes on the rampage again is chilling to contemplate. In 1998 his defunct son-in-law revealed that Iraq still had large stocks of

lethal chemical and biological weapons. This autumn's attempts by the UN special commission to find these stocks and production plants led to a crisis that showed UN security council members had little appetite for confrontation. The US may resort to air strikes, but if these do only token damage they may help Saddam by strengthening anti-US feeling in the region. Only if he commits another major outrage, like his seizure of Kuwait in 1990, can decisive action to remove him be expected.

Will the Middle East peace process collapse?

David Gardiner writes: No - but it will be hard to spot the difference. The US has too much of a stake in the region to allow a collapse while neither Benjamin Netanyahu, the Israeli prime minister, nor Yasser Arafat, the Palestinian leader, will risk being blamed for burying the peace process. But what we will see is process, not peace. There is no long-term alternative to a negotiated settlement in the Middle East, constructed around an equitable deal on Palestine. Next year should give an indication of how much blood will be spilt before that truth sinks in.

Will South Africa descend into violence?

No, says Michael Nelson. Mandela's dark warning about the dangers of a counter-revolutionary conspiracy, the political centre will hold. But expect Thabo Mbeki, Mandela's successor, to call on business to make a greater effort to redress the apartheid legacy if it wants a stable society. And look out for Winnie Mandela. The issues on which she bases her populist appeal - the slow delivery of campaign promises on health, housing and jobs - will not go away. However unpalatable white South Africa might find Mr Mbeki's demand that they shoulder a greater burden of the cost of reconstructing South Africa, the prospect of Mrs Mandela pitching for the presidency in 1999 will help concentrate their minds.

Will there be new health scares?

Clive Cookson writes: The big question is whether "bird flu" - which has apparently spread from chickens to infect a dozen people in Hong Kong, killing three of them - is transmitted easily between people. If so, the first flu pandemic since 1968-69 could be under way. But international health officials remember the panic in the US over "swine flu" in 1976, when 40m Americans were vaccinated prematurely, some suffering serious side effects - against what turned out to be a non-existent pandemic. If bird flu does start a pandemic, it will be the health scare of 1998 for the world. In the UK, epidemiologists will also be watching for any increase in deaths from the new variant of Creutzfeldt-Jakob disease, related to BSE.

## Advances in the field of conflict

Alexander Nicoll on the changing approach to land warfare in the post-cold war era

Institutions on the edge

On Salisbury Plain in 1931, 180 tanks connected by radio manoeuvred in thick fog with what was described as "an almost inhuman precision". The British army's experiments in armoured warfare then led the world. But by the outbreak of war in 1939, Britain had surrendered the advantage. German panzer divisions swept all before them with their Blitzkrieg tactics.

In the aftermath of the cold war, army officers want to avoid a similar failure. They are seeking to cope with sharp cuts in defence spending and rapid advances in technology. They face similar uncertainties about who will be their future enemy, and in what type of conflict they will be engaged.

The army's planners - still plotting the future on Salisbury Plain, the army's heartland in southern England, but in offices - are therefore developing a new doctrine of land warfare which, they hope, will be robust and versatile enough to deal with all situations in which soldiers are likely to

find themselves over the next 20 to 30 years. Most important, it must avoid the 1930s failure, which they see as mainly one of management, in which prickly officers did not sell good ideas to their superiors. To be effective, the new concept must be "owned" by ministers, service chiefs and Britons in general - the planners want to launch an internet site to test their ideas more widely. The doctrine is intended to be a yardstick against which governments can test spending policies and plans for procurement of weapons.

Because many operations are planned jointly with the Royal Navy and the Royal Air Force, the army's doctrine must fit in with their ideas and capabilities. And since British forces will almost never again go abroad alone, it must be closely enmeshed with the plans of Nato allies.

Developing a new doctrine is thus a complex process, which has been under way

since the Soviet empire crumbled. Though it is now bound up in the government's strategic defence review, which will be completed next year, officers stress it is a long-term effort to visualise what functions the army will have in 20 years time, and to plot steps needed to perform them.

"This is a totally different way of doing business," says one officer, contrasting it with what he says was previously a pragmatic muddle-through approach.

When the Soviet Union was the enemy, the British army had a plan rather than a doctrine. Troops were arrayed in Germany alongside allied armies in a layered format designed to stop the Russians sweeping into western Europe. Efforts to muster expeditionary forces revealed a lack of versatility.

Future needs are totally different, but more traditional: the static cold war positioning was an aberration. Battlefields are usually



Last orders: days of the sergeant-major may be numbered

full of uncertainty, with action on many fronts at once - more like the Battle of Hastings in 1066 than the Somme trenches in 1916.

The army expects to be involved in more multinational forces such as the Nato presence in Bosnia. It expects "asymmetric"

Wars in which the enemy is not a professionally trained force with advanced weaponry but a rogue state or group which obeys no rules and may possess weapons of mass destruction.

This sort of enemy may seek to prolong conflict for as long as possible. By contrast, the aim of an expeditionary force is always to finish the job fast. An "asymmetric" enemy can buy advanced communications, encryption and satellite images off the shelf, while the British army is still operating 1970s radios.

The doctrine being developed to meet the combat element of these functions is known as the "manoeuvrist approach". Its main elements are firepower, surprise, simultaneity and tempo. It aims to pre-empt and disrupt the enemy with the aim of shattering his ability and will to fight.

This is where "digitisation" of the battlefield comes in. When the army takes delivery of 87 Apache

helicopters from 2001, its pilots will be able to pop up over the horizon, fix the positions of everything in view on "Longbow" radar, communicate the information to other Apaches, and order them to fire tank-busting weapons - all within seconds.

Battlefield commanders will have so much information available to them through advanced sensor and communication systems that the challenges will be to filter it so that they can make quick decisions. However, officers are wary of the idea that technology will create a "virtual" battlefield in which casualties can be avoided. "War is not an arcade game," says one.

While technology should help to keep up the "tempo" element of the doctrine - maintaining such a pace that the enemy is always trying to catch up - the constraints of coalition warfare are likely to slow it. Officers who took part in earlier multinational forces in Bos-

nia had to check the origin of orders before carrying them out, to ensure that they were not just the enactment of one country's agenda.

In a world of coalition expeditionary forces with advanced equipment, how will a soldier's life change?

The planners say officers will need to polish diplomatic skills to deal with officers from other countries. With smaller numbers - the British army now consists of 110,000 people - and smarter equipment, each soldier will have fewer colleagues on hand and more individual responsibility. Technology may blur old distinctions between officers and other ranks. Decentralised command structures mean each soldier will need self-motivation, cunning and native wit. The days of the sergeant-major barking out orders may be numbered.

Retention of fighting spirit is central to the planners' doctrine, since they see it as underpinning everything the army does. "We believe that we must have combat ability," says one officer. "A lot of other nations have lost it. But we have to remember that our raison d'être is to prosecute war."

## CURRENCIES AND MONEY

## Won leaps

## MARKETS REPORT

By Simon Kuper

The South Korean won soared on news that \$100bn in international support for the country would be paid out by early January.

The International Monetary Fund and 13 wealthy nations made the early disbursement from their \$77bn rescue package, and also put pressure on western and Japanese banks to allow Korean institutions to roll over debts. Furthermore, six large US banks said they might provide additional funding to help Korea. The news reduced fears of a debt moratorium.

In return, Korea promised that it would stick to pledges of economic reforms, opening its capital markets quickly and keeping interest rates high. Kim Dae-jung, elected as Korea's next president last week after a campaign in which he attacked

the IMF, is now campaigning for its rescue package. "What is most important now is to restore international confidence," he said yesterday. He told trade unions that job cuts were inevitable, and two brokerages were allowed to collapse.

The won, which had sunk as low as 1,962 against the dollar on Tuesday, initially regained more than a quarter of its value yesterday, jumping to 1,400. Later it fell

back to 1,500, still 25 per cent up on the day. South Korean stocks jumped nearly 7 per cent. Yields on benchmark three-year corporate bonds rose two percentage points to 27 per cent.

The won's rise helped the Indonesian rupiah leap from 5,900 against the dollar to 5,150/250. But the main reason for the rupiah's rise was intervention by the central bank in a thin market.

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# MANAGEMENT SERVICES

	Policy	Filing	Rate	Total
<b>IPS Capital Management, PLC</b>				
170 Madison Street, Suite 1602				
New York, NY 10038				
General Securities Products	19A-02	177.5	-4.0	173.5
Specialty Insurance Services	19A-02	60	-	60
Investment Management	19B-02	99.7	-	99.7

● **NOTES:**  
Gross Contracted rate of interest payable, net taking account of the deduction of basic rate income tax.  
Net Rate of Interest payable after allowing for deduction of basic rate income tax.  
Gross Cash: Gross rate accumulated at rates commencing at commencement of interest paid more than once a year. "Compounded Annual Rates." Ind. the Frequency at which interest is credited or compounded.



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**Peter Montagnon** considers some possible reverberations from the crisis in South Korea

(180ue917)  
 Nursing Home Properties PLC New Ord 1p -  
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the week, recovered strongly to lead the market's surge.

The composite index rose 10.61, or 1.9 per cent, to 560.96 while the financial sector gained 4 per cent.

However, some analysts said the rise was little more than window dressing.

SINGAPORE saw early gains erased as the bearish prospects for 1998 took the upper hand. The Straits Times Industrials index lost 20.44, or 1.3 per cent, at 1,552.52.

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## COMPANIES AND FINANCE

## Property maestro warms up for an encore

After his spectacular success at Burford, Nick Leslau is starting again, reports Norma Cohen

Nick Leslau, at 38 probably Britain's most successful young property developer, leans back on the long cream-coloured sofa in his home in Hampstead, north London, and reflects on why he wants to start again.

"I guess I'm just insecure. Even though I'm worth £30m on paper, I fear it could just disappear overnight."

Life, he muses, is temporary. "We are all leaseholders on this earth," he says, a kind of property man's way of looking at human frailty.

But that is only the simple answer. Mr Leslau has just stepped down as chief executive of Burford Group, a company which brought tenfold returns to shareholders over 10 years, in spite of the toughest recession in recent memory.

Now he is starting again. Mr Leslau, along with his long-time business partner Nigel Wray, has just reversed his long-term property company into an aim-listed vehicle, Prestbury, only to watch its market capitalisation soar overnight to £106m, in spite of having only £30m in assets. But why do it?

Mr Leslau appears to be one of those individuals with a charmed life. Not only is he a self-made millionaire, but he is the father of two boys and his artistic and supportive wife is just weeks away from having a third.

Why not just enjoy life? "I'm doing what I love to do - make deals," he says. He quit Burford because it had grown so much he no longer felt like an owner. "I spent more and more time managing a business rather than making deals," he explains. In a word, he is driven.

"Can I do it twice?" he wonders. "I say 'yes', but I say that with some trepidation. The minute you think you are any good, you are dead in the water."

He hints that the answer to his drive lies in his unhappy childhood. He is the middle of three boys whose parents separated when he was eight, leaving his immigrant Polish mother to raise them on her own. He had minimal contact with his father after that and he has seen him once briefly in the past nine years.

Mr Leslau reckons that dysfunctional families can as easily produce driven entrepreneurs as sociopaths, and he could as easily have been one as the other.

While his elder brother breezed through St Paul's School, Nick struggled with his education. His paternal grandfather paid for the boys' schooling and, because his grades were not good enough to become a day-boy at Mill Hill in North London, he boarded.

By his own admission, Mr Leslau was a mediocre student until he was 15 or 16 when, suddenly, he got the hang of it. His grades were good enough to win him a place at Warwick University to read German and French, but he became bored after a year and switched to South Bank Polytechnic where he studied chartered surveying.

On the other hand, he says, his childhood has spurred him to be a good father and he makes it his job to spend time with his boys every night.

Mr Leslau's self-effacing introspection stands out in an industry driven by ego and testosterone.



Nick Leslau: "Can I do it twice? I say 'yes', but I say that with some trepidation"

Ironically, this has won him brownie points in the City.

"After the Trocadero went wrong," - Burford's sole banana skin - "he held a meeting for the City and it was like a therapy session," one analyst recalls. "He said: 'Oh, I went wrong here and I should have done that.' It was wonderful."

Mr Leslau says that he is a more conservative investor now than he was when he launched Burford. At first, he says, he and Mr Wray took risks from which they were only rescued by a rising market. "Never confuse a bull market

with a genius," he warns. At Prestbury, the strategy is to make the same type of opportunistic acquisitions for which he is so well known and then add something to the property to enhance its value.

"What we want is a portfolio which is 60 to 70 per cent long-term, leases with double-digit yields and with the balance vacant and available for redevelopment," he says. "Sectors don't matter - I'm a completely opportunistic investor. The day you hear me say 'We're light in East Midlands industrial', that's the day to sell the shares."

Mr Leslau says that his approach to adding value is

as much about service as about development. One of Burford's most successful properties was a building in Edgheaston, which was the first UK office property to offer US-style valet parking.

"Rents in that property went up 20 per cent when the market went down by 40 per cent," he recalls.

"These are the sorts of things we do with buildings - very American and service-oriented," he says. "You know, CNN monitors in the lobby, fresh flowers, parties for tenants. We could charge for these services but we don't." With every new property, Mr Leslau says he writes to each tenant to ask if they are happy with the

level of service and provides his private fax number for them to alert him the minute things go wrong. Long term, he says, he would like to develop a Prestbury "brand" built around the service offered to tenants.

In short, Mr Leslau plans a repeat of the formula which worked so well for him over the previous decade.

But now, instead of the hungry young thrusters desperate to make a name for himself, Mr Leslau is the wealthy and contented businessman with little left to prove. The markets are waiting to see whether today's Mr Leslau has the same gifted touch as his younger, insecure self.

## NEWS DIGEST

## ILP issues third warning this year

ILP Group, the specialist packaging company, has issued its third profit warning this year, reflecting difficult conditions within the packaging sector and among its main customers in the computer and electronics industries.

Shares in the Irish company - which said this month it had received a number of tentative bid approaches - fell 8.5 per cent, or 3p, to 22½p before the market closed on Christmas Eve. This compares with an issue price of 75p when the supplier of protective packaging for computers and electronics floated in March 1996.

ILP said that, although trading had improved, the outcome for the year was "unlikely" to meet expectations. In July, when ILP issued its last warning, citing a slowdown in US demand, brokers predicted pre-tax profits of about £3m (£1.07m) for the year to December. This follows a loss of £214,000 (£512,000) in the first half.

The company said it had made cost-cutting in the present half, but the recovery in turnover and margins was later in arriving than hoped. It predicted margins would return to historical levels next year on the back of rising sales, particularly from its Linerack operations. It had not been affected significantly by recent cutbacks by some Irish computer companies.

Virginia Marsh

## Faber Prest doubles

Faber Prest, the steel products distributor which said in November that it had begun "preliminary" takeover talks, saw its shares gain 20p to 37½p on Christmas Eve, as it unveiled pre-tax profits more than doubled from £2.5m to £7.3m for the year to September 30.

The company said the strength of sterling had "a considerable impact" on its activities, but that hedging limited translation losses to £300,000. Operating profits rose 17 per cent to £8.3m, with sales from continuing operations up 5 per cent to £34m. However, it cautioned that demand for its services remained "subject to change". Stripping out the effect of exceptional charges the previous year, earnings per share rose 19 per cent to 40.5p and a final dividend of 11.5p lifts the total from 17p to 18p.

Faber Prest said its takeover discussions were "still in progress" and that a further announcement would be made in due course.

## Fairway in bid talks

Fairway has received an approach which may or may not lead to a recommended offer being made for the company, the printing services group said on Christmas Eve.

The approach is the latest sign of a trend towards consolidation in the worldwide printing industry, which has manifested itself in the UK with US group Carusair's recommended £198m offer for Britton Group and the ongoing £188m hostile bid from Quebecor of Canada for Watmoughs.

The news sent Fairway's shares up 21p to 61½p, valuing it at £24.7m. They had fallen from 116½p to 35½p between October 1996 and July this year after setbacks at the Spectrum Marketing Services and TTB Hickeys subsidiaries.

Andrew Edgecliffe-Johnson

## Biotrace receives writ

Biotrace, the food hygiene testing group, has received a writ from Brian Levett, its former chief executive. Mr Levett is claiming "damages due under his contract of employment", and the reinstatement of share options.

The company did not say how much money was at stake, and has not commented on its reasons for terminating Mr Levett's contract in November 1996.

Biotrace said it "strongly disagrees with the claim made by Mr Levett and will vigorously contest the action".

Andrew Edgecliffe-Johnson

## Horlick poaches more staff

Société Générale Asset Management, the French-owned fund manager being built up by Nicola Horlick and John Richards, has recruited two executives from the recently merged Aberdeen Prolific group.

John Ions will be head of retail at SocGen Asset Management, and Mikkel Bates will be responsible for unit trust services. Both men worked for Prolific Financial Management, the fund management arm of Scottish Provident which was bought by Aberdeen Asset Management in the summer.

Mr Ions, head of UK sales and marketing at Aberdeen Prolific, was responsible for integrating the businesses. Mr Bates was a director of Aberdeen Prolific.

Clay Harris

## Shire buys back rights

Shire Pharmaceuticals, the rapidly growing UK drugs company, is to re-acquire from Athena Neurosciences, a subsidiary of Eli Lilly Corporation, the worldwide rights to Carbatrol, an anticonvulsant, for \$25m (£15m).

## BT cancels office lease

The fat lady has sung in Berkeley Square for British Telecommunications. BT Property plans to sell the 15-year lease signed in August on 30 Berkeley Square. The building was intended to be the headquarters for Concert, BT's ill-fated marriage with MCI Communications.

The 49,193 sq ft "premium office building" no longer fitted BT's plans, after WorldCom's successful rival bid for MCI, the company said. Owned by Prudential, it had been prepared for fitting out, but work had not begun. Jones Lang Wootton is handling the disposal.

Clay Harris

## The dangers of making a name for yourself

Inventing names for companies requires a sensitive soul and a thick skin. You need to be sensitive to the subtle qualities of letters - solid and reliable ones like B, P and G, or futuristic ones like Z, V and Y. And you need a thick skin when the world falls about laughing at your latest creation.

Diageo, the new name for the combined Guinness and Grand Metropolitan, was greeted with ridicule and hostility. Most new names get the same reception and there have been plenty of them this year.

Burton Group is becoming Arcadia; Covie, the bus company, has changed to Arriva; and Harrison's & Crossfield, the chemicals group, wants to be called Elementis.

Marketing departments tend to invite mockery with the twaddle that accompanies a new name. Covie described the name Arriva as "the ultimate deliverable of any transport services provider", adding that it was feminine and would appeal to women. Persona, the computer products group, defended changing its name to Ilium by saying it was short and easier to spell.

But for shareholders the issue is why companies are spending large amounts of money changing their names from something solid and well known to something weird and new.

The cost is not trivial. Employing a design agency

to come up with a new identity can cost anything from £5,000 to £250,000. Then, there is the rebranding of stationery, offices, vehicles, uniforms and more, which can lift the bill into millions - £90m in the case of British Airways, which is rebranding its aircraft.

The justification for rebranding is well known to those who earn a living in the corporate identity business. Once they explain, businesses competed by making better products than their rivals but technology has made this increasingly difficult. Who today could pick a kettle for its reliability? Companies that tried to compete on service. But even the most surly corporation is now learning to love its customer.

Terry Tyrrell, chairman of Sampson Tyrrell Enterprise, the identity consultant, concludes: "Style is becoming increasingly important. This is the natural basis on which to fight competitors."

Philip Mann, a principal at rival Bamber Forsyth, agrees: "The softer factors are becoming more important. Branding is a key influence on customers."

It is no longer good enough for a company to have a name which simply describes what it does. It needs a name which conveys an entire attitude of mind.

Getting the branding right is a long process. Consultants first "map the perceptions" of the company and industry and then adopt a "positioning statement" encompassing "genuine points of differentiation". Having decided the brand values, they "brainstorm" to come up with names that have the right associations.

Energy, the name of the National Grid's telecommunications business, is intended to convey its parentage, and have a personal feel with a flavour of technology. Hyder, the name of the Welsh multi-utility, is supposed to sound Welsh and reliable - indeed it is close to the Welsh word for confidence.

Once the name has been chosen, the consultants sort out the "brand architecture". The name of the parent company should ideally link in with names of subsidiaries, associates and even products, so that all parts of the corporation resonate to the same brand values.

Today, they are turning to Latin and Greek. Sampson Tyrrell has a computer system which can take prefixes, suffixes and other bits of words from a range of ancient and modern languages and string them together into neologisms.

Words derived from classical languages are seen to

have the key advantage of being international. They are likely to be vaguely familiar in most of Europe and the US. Globalisation is one of the most commonly cited reasons for name changes. New names are now routinely checked for undesirable associations in foreign languages. History is full of those who failed to translate - Crap's chocolate bar, Cock Soup and Flocking Beer to name a few.

Once the name has been chosen, the logo designed and the brand architecture constructed, only one task remains. Mr Mann explains: "There are things called 'moments of truth', when the customer actually finds out what the company is really like. It has to make sure that the name and what it does during these 'moments' are the same."

The name changes all agree on the importance of this. Designing a perfect facade of brand identities is no good if the products and services do not live up to

"clear points of differentiation" which constitute the company's brand values.

At this point shareholders may frown slightly. Wasn't the original reason for changing the company's name because differentiating products and services was too difficult? Now we seem to be saying the most important thing is to differentiate the products and services.

The corporate identity consultants know it is all much more subtle than that. Differences in style are too insubstantial to win market share by themselves. A strong complementary brand image and advertising campaign is needed to amplify them until they become the dominant factor in consumer choices.

Shareholders may continue to frown suspiciously, but the consultants need not worry. The theory is plausible enough and hardly susceptible to disproof. And there is little chance that that company directors will ever cease turning to marketers and image consultants for bright ideas as to what to do next.

## RESULTS

Company	Turnover (£m)	Profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends	Current payment (p)	Date of payment	Dividends	Total for year	Total for year
Faber Prest	34	7.3	40.5	11.5	Jan 30	11	18	17			
Investment Trusts											
North Atlantic	8 m to Oct 31	0.236	0.7	0.7	Jul 1	0.7	0.7	0.7			

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. \*After exceptional charge. \*Fully diluted. \*As at April 30 1997.

## POUND SPOT FORWARD AGAINST THE POUND

Dec 24	Closing mid-point	Change on day	Bid/offer spread	Day's high/low	One month	Three months	One year	JP Morgan
Europe								
Austria	(Sch)	20.618	-0.0224	0.88 - 0.87	20.889	20.7492	20.7565	3.7
Belgium	(Bfr)	61.458	-0.0211	0.74 - 0.81	61.2170	60.8700	60.9332	3.8
Denmark	(DKK)	11.272	-0.0113	1.71 - 1.82	11.3082	11.2410	11.2422	3.8
Finland	(Fmk)	5.661	-0.0096	0.89 - 0.93	5.6700	5.6730	5.6738	3.8
France	(FFr)	9.902	-0.0087	0.91 - 0.87	9.9314	9.8724	9.873	3.8
Germany	(DM)	2.961	-0.0022	0.76 - 0.80	2.9608	2.9601	2.9608	3.8
Greece	(Dr)	489.53	-0.422	614 - 630	489.563	489.776	470.512	8.7
Ireland	(Ir)	1.555	-0.0024	0.43 - 0.48	1.5512	1.5518	1.5547	0.8
Italy	(Lit)	200.54	-0.09	421 - 424	200.524	200.511	200.521	1.5
Japan	(Yen)	161.488	-0.0121	0.91 - 0.94	161.2170	160.8700	160.9332	3.8
Netherlands	(Fl)	3.2355	-0.0021	0.40 - 0.39	3.2447	3.2328	3.2328	4.2
Norway	(Nkr)	12.127	-0.0092	0.86 - 0.88	12.1363	12.1145	12.0976	4.0
Portugal	(Esc)	205.033	-0.247	775 - 790	205.200	205.180	205.180	2.3
Spain	(Pta)	200.822	-0.114	649 - 619	201.290	201.290	201.290	2.5
Sweden	(Skr)	12.658	-0.0105	0.77 - 0.78	12.6589	12.6587	12.6584	2.2
Switzerland	(Sfr)	2.9621	-0.0001	0.90 - 0.98	2.9593	2.9615	2.961	2.3
UK	(£)	1.0000	-0.0000	0.97 - 0.92	1.0013	1.0000	1.0000	3.2
USA	(\$)	1.636	-0.0029	0.91 - 0.91	1.6375	1.6360	1.6376	1.4
Americas								
Argentina	(Piso)	1.6990	-0.0012	0.94 - 0.96	1.6971	1.6917		-
Brazil	(R\$)	1.8008	-0.0011	0.90 - 0.91	1.8021	1.8025		-
Canada	(C\$)	2.3923	-0.0023	0.92 - 0.74	2.4058	2.3901	2.3904	2.3
Mexico	(New Peso)	13.6756	-0.0063	1.32 - 1.30	13.6717	13.5973	13.7835	-1.3
USA	(\$)	1.636	-0.0029	0.91 - 0.91	1.6375	1.6360	1.6376	1.4
Pacific/Middle East/Africa								
Australia	(A\$)	2.5446	-0.0017	0.49 - 0.47	2.5488	2.5432	2.5493	2.5
Hong Kong	(H\$)	12.5355	-0.0061	0.39 - 0.42	12.5682	12.5610	12.5634	0.5
India	(Rs)	65.6170	-0.0057	0.86 - 0.94	65.5240	65.1210		-
Israel	(N\$)	5.8991	-0.0022	0.91 - 0.91	5.9091	5.8891		-
Japan	(Yen)	161.488	-0.0121	0.91 - 0.94	161.2170	160.8700	160.9332	3.8
Malaysia	(M\$)	6.3857	-0.0021	0.98 - 0.95	6.4023	6.3854	6.3674	3.8
New Zealand	(NZ\$)	2.8774	-0.0027	0.51 - 0.57	2.8890	2.8708	2.8692	-1.2
Philippines	(P\$)	66.7006	-0.3701	1.26 - 0.75	67.434	66.4380	66.1881	-26.8
Saudi Arabia	(S\$)	6.2624	-0.0029	0.61 - 0.47	6.2756	6.2342	6.2343	1.4
Singapore	(S\$)	2.3941	-0.0024	0.91 - 0.91	2.3955	2.3901	2.3904	2.3
South Africa	(R)	6.1094	-0.0103	0.18 - 0.10	6.1316	6.0780	6.0782	-6.5
South Korea	(W\$)	305.71	-0.155	278 - 463	306.50	306.00		-
Taiwan	(T\$)	54.5258	-0.1368	727 - 778	54.6184	54.1938	54.7866	1.0
Thailand	(B\$)	78.8887	-0.1943	146 - 627	79.1627	78.5630	78.4611	-8.7

\*As at Dec 23. Bid/offer spread in the Pound Spot table shows only the two most recent prices. Selling rates calculated by the Bank of England, three years ago. \*100 Index rounded to 12.75. Bid offer, mid point and forward rates in both the Pound and Dollar tables are derived from THE WATSON/PTTS.

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 24	Closing mid-point	Change on day	Bid/offer spread	Day's high/low	One month	Three months	One year	JP Morgan		
					%PA	%PA	%PA	%PA		
Europe										
Austria	(Sch)	12.4699	-0.0067	0.71 - 0.72	12.5010	12.4590	12.4469	2.2	12.0756	1.7
Belgium	(Bfr)	36.6230	-0.0077	1.10 - 0.90	36.7000	36.5600	36.5615	2.5	36.4035	2.1
Denmark	(DKK)	6.7338	-0.0021	0.88 - 0.88	6.7388	6.7477	6.7418	2.2	6.7715	1.8
Finland	(Fmk)	5.9702	-0.0028	0.75 - 0.79	5.9800	5.9800	5.9800	2.8	5.9732	1.6
France	(FFr)	9.9028	-0.0022	0.30 - 0.30	9.9000	9.8995	9.8995	2.2	9.9136	1.8
Germany	(DM)	1.7724	-0.0009	0.70 - 0.77	1.7771	1.7710	1.7708	2.4	1.7628	2.0
Greece	(Dr)	278.870	-0.12	680 - 690	280.300	277.950	282.21	-11.2	287.705	-11.7
Ireland	(Ir)	1.4450	-0.0027	0.40 - 0.40	1.4478	1.4488	1.4442	0.7	1.4475	-0.6
Italy	(Lit)	1740.30	-0.125	400 - 100	1745.00	1738.70	1740.47	0.0	1740.70	0.0
Japan	(Yen)	161.488	-0.0121	0.91 - 0.94	161.2170	160.8700	160.9332	3.8	160.766	-0.9
Netherlands	(Fl)	3.2355	-0.0021	0.40 - 0.39	3.2447	3.2328				
Norway	(Nkr)	1.2998	-0.0116	0.77 - 0.79	1.3045	1.2925	1.2945	2.5	1.2987	2.0
Portugal	(Esc)	181.500	-0.305	400 - 600	181.600	181.200	181.367	0.9	181.068	0.9
Spain	(Pta)	160.000	-0.170	100 - 150	159.950	148.730	150.000	1.1	149.849	1.0
Sweden	(Skr)	9.9028	-0.0021	0.40 - 0.39	9.9000	9.8995	9.8995	2.2	9.9136	1.8
Switzerland	(Sfr)	1.4327	-0.0008	0.32 - 0.32	1.4356	1.4297	1.4272	0.8	1.4178	1.0
UK	(£)	1.8698	-0.0009	0.91 - 0.91	1.8735	1.8620	1.8676	1.4	1.8625	1.5
USA	(\$)	1.1146	-0.0040	0.40 - 1.50	1.1160	1.1130	1.1181	-0.7	1.1187	-1.5
AMERICAS										
Argentina	(Piso)	0.9997	-0.0001	885 - 99	0.9897	0.9996				
Brazil	(Cruz)	1.1545	-0.0001	144 - 144	1.1147	1.1144				
Canada	(Cdn)	1.4334	-0.0001	0.60 - 0.60	1.4334	1.4335	1.5	7.8317	-2.2	
Mexico	(New Pes)	6.1510	-0.0285	560 - 690	6.1810	6.1780	6.2555	-15.4	6.4915	-1.7
USA	(\$)								1.4275	0.5
Pacific/Worldwide									-0.421	-15.7
Australia	(A\$)		-0.0003	0.32 - 0.29	1.5299	1.5230	1.5222	0.6	1.5206	0.8
Hong Kong	(Hk\$)	7.7495	-0.0005	400 - 500	7.7500	7.7490	7.7357	-1.0	7.7829	-3.2
India	(Ru)	261.910	-0.0583	700 - 925	263.985	38.1100				8.1885
Israel	(Sh)	3.5533	-0.0003	263 - 382	3.5882	3.5268				
Japan	(Yen)	162.000	-0.160	850 - 950	162.000	159.250	159.250	1.9	159.250	1.9
Malaysia	(M\$)	2.0000	-0.0147	205 - 300	2.0750	2.0200	2.0185	-0.6	128.056	5.3
New Zealand	(NZ\$)	1.7114	-0.0000	100 - 129	1.7125	1.7102	1.7146	-0.2	1.7253	0.3
Philippines	(Pes)	39.9500	-0.2	500 - 500	40.000	39.7000	40.00	-28.2	41.58	-16.8
South Africa	(R\$)	3.7550	-0.0001	500 - 511	3.7511	3.7508	3.751	0.0	3.7526	-0.2
South Korea	(W\$)	0.0000	-0.0000	0.00 - 0.00	0.0000	0.0000	0.0000	0.0	1.884	-4.0
South Africa	(R)	4.8555	-0.0023	540 - 580	4.8670	4.8540	4.8577	-10.0	4.8985	-9.2
South Korea	(Won)	192.000	-0.120	500 - 500	191.000	189.000			5.2525	-8.2
Taiwan	(Ts)	32.8500	-0.0295	800 - 800	32.8600	32.5500	32.850	-0.4	32.8600	-0.4
Thailand	(Baht)	0.0000	-0.45	0.00 - 0.00	0.0000	0.0000	0.0000	-10.2	-48.5	-10.2
UK	(£)	1.8698	-0.0009	0.91 - 0.91	1.8735	1.8620	1.8676	1.4	1.8625	1.5
USA	(\$)	1.1146	-0.0040	0.40 - 1.50	1.1160	1.1130	1.1181	-0.7	1.1187	-1.5
AMERICAS										
Argentina	(Piso)	0.9997	-0.0001	885 - 99	0.9897	0.9996				
Brazil	(Cruz)	1.1545	-0.0001	144 - 144	1.1147	1.1144				
Canada	(Cdn)	1.4334	-0.0001	0.60 - 0.60	1.4334	1.4335	1.5	7.8317	-2.2	
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Israel	(Sh)	3.5533	-0.0003	263 - 382	3.5882	3.5268				
Japan	(Yen)	162.000	-0.160	850 - 950	162.000	159.250	159.250	1.9	159.250	1.9
Malaysia	(M\$)	2.0000	-0.0147	205 - 300	2.0750	2.0200	2.0185	-0.6	128.056	5.3
New Zealand	(NZ\$)	1.7114	-0.0000	100 - 129	1.7125	1.7102	1.7146	-0.2	1.7253	0.3
Philippines	(Pes)	39.9500	-0.2	500 - 500	40.000	39.7000	40.00	-28.2	41.58	-16.8
South Africa	(R\$)	3.7550	-0.0001	500 - 511	3.7511	3.7508	3.751	0.0	3.7526	-0.2
South Korea	(W\$)	0.0000	-0.0000	0.00 - 0.00	0.0000	0.0000	0.0000	0.0	1.884	-4.0
South Africa	(R)	4.8555	-0.0023	540 - 580	4.8670	4.8540	4.8577	-10.0	4.8985	-9.2
South Korea	(Won)	192.000	-0.120	500 - 500	191.000	189.000			5.2525	-8.2
Taiwan	(Ts)	32.8500	-0.0295	800 - 800	32.8600	32.5500	32.850	-0.4	32.8600	-0.4
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UK	(£)	1.8698	-0.0009	0.91 - 0.91	1.8735	1.8620	1.8676	1.4	1.8625	1.5
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India	(Ru									





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**FT**  
**WEEKEND**  
DECEMBER 27 - DECEMBER 28 1997



**The Year Zero**  
*The Asian tigers' hired hands launch their attack on European currencies. Part Two of Paul Erdman's thriller*



**Sport snaps**  
*'As Hingis hits the winning shot to complete her victory, Seles feels again the sharp stab of Parche's wicked blade.'*



**Tweed is back**  
*'Nylon revolutionised men's clothing over the past two years, but now we are seeing a return to natural fabrics.'*

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Page X

# An Almighty Almanac

We will wander the galaxy, Germany will win the World Cup and stock prices will rise by 2.5 per cent. Eustacia von Hubble offers her predictions for the new year and the millennium

**N**ext year, 1998, will be a peach of a year, a full — peaceful, or practically so: prosperous, mainly; and relatively free of famine and war. As a result, it will be a year almost entirely devoid of "news", whatever that used to be.

Here and there, however, 1998 will contain important moments, even if their significance is not fully grasped until humankind has embarked on the journey of hope, fear, horror and joy that will be the 21st century.

It will be a spiritual year — not in a narrowly religious sense, but in terms of events that celebrate the imagination and potential of the people of Earth. We are reaching for the stars. Soon, our space-children will wander wonderingly towards the big-city lights at the centre of our galaxy.

Believe it or not, 1998 will be a red-letter year in our colonisation of space. Other noteworthy events will include a quickening of our adoption of cosmological paganism; the finals of the soccer World Cup; end-game moves towards the introduction of European monetary union; and the debut of digital television.

My own professions are those of mathematician, astronomer and exobiologist. However, in compiling this almanac I was fortunate to be able to consult the FT's Michael Thompson-Noel, whose interests overlap — indeed, outstrip — my own.

He is an authority, for example, on the shadowy terrestrial terrain where sport, geography, politics and capitalism collide with shuddering force. Without his help and vision, this almanac would have been a poorer thing.

**RELIGION**  
1997 produced numerous spurious claims that established religions were enjoying pre-millennial revivals and mass conversions. The world was turning back to God.

There was the "Diana Prophecy", for example. Last May 18, Glinis Burgin, 43, wife of a Sheffield taxi driver, says she received a "mental image" of a Britain in mourning, its streets carpeted with flowers. In the aftermath of last August 31, following the gruesome death of Princess Diana, Mrs Burgin's "mental image" was promoted by evangelical churches into a full-blown prophecy.

Yet religious revivalism will be doused in 1998. Instead, the move to modern, cosmological paganism will strengthen. The attention of new-age movements, such as those found multiplying in the internet, will increasingly turn from mere comets and asteroids to the stars Beta Pictoris, Fomalhaut, Epsilon Eridani and Vega. These stars, only a few dozen light years from Earth, were recently declared to be

(almost certainly) girdled by planets, and planets mean... life.

**SPORT**  
One of 1998's biggest happenings will be the soccer World Cup tournament, in France, running from June 10 to July 12. A record 32 countries will play 64 matches in 10 locations, culminating in the grand final at the glistening Stade de France in the Paris suburb of Saint-Denis.

Soccer is the world sport, and is evolving into one of the largest businesses on earth. The World Cup finals will be contested by 16 European nations, five African, five South American, four Asian and three from North and Central America, including the US, whose love of boring baseball will be further undermined.

Soccer is becoming a force to rival Hollywood. How has this happened? What does it mean?

"Soccer," my friend Michael told me, "is beyond sport, beyond metaphor, Eustacia. It lives. It breathes. It is a super-organism: the best example, apart from television, of the bread-and-circuses syndrome now pervasive at the highest inter-governmental levels."

"The early 21st century has some terrible things in store. As a result, governments will strive to distract us with bread and circuses. By 2012, a new Neronic age will be under way, with governments, co-operatively, spending trillions on planetary opiates. Of these, the greatest will be soccer."

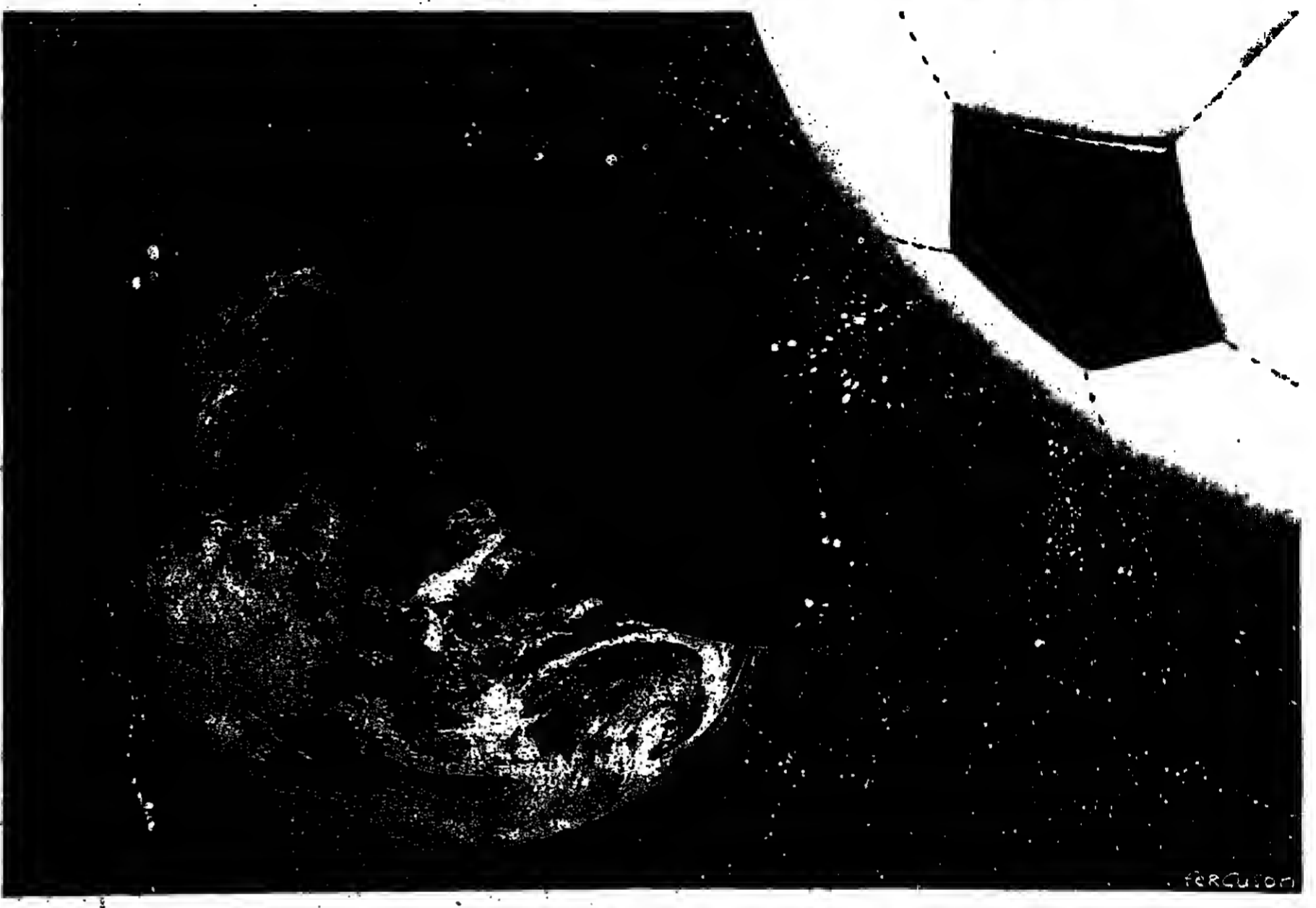
"Is there money to be made on the 1998 World Cup finals?" I asked, for my friend is known to have amassed a fortune by betting on sport.

He closed his eyes. Finally, he said: "Germany will win. They can be backed, at present, at 9-1. In the final, Germany will defeat Yugoslavia or Croatia by three goals to one. Bet boldly, Eustacia, for life, though precious, is sorrowfully short."

**POLITICS**  
Politically, 1998 will be as quiet as the last dodo covering in a Mauritian gorge in 1967, waiting for a Dutch sailor to club her. But the hell in geo-political wrangling will only be that an interlude lasting until 2004.

In 1998, there will be various elections: Cyprus, Costa Rica, Estonia. Places like that. But none of them will matter. Even the US mid-term congressional elections in November will leave no greater imprint on the face of the planet than the soft fall (in February) of crumbs from Chelsea Clinton's 18th birthday cake.

Peace will reign. There will be no large or middling wars. Even small conflicts will fizzle feebly. Between now and the revival of intercontinental hostilities in 2004, geo-political trivia — Bill Clinton's alleged former sex life; Tony Blair's hair; Helmut Kohl's retirement



plans; Boris Yeltsin's funeral — will be as much as folk will wish to contemplate.

The most significant development in 1998 will be further moves in western Europe towards introduction of a single currency (for some nations) on January 1 1999 — a precursor (obviously) to a federated Europe, stretching to the Pacific, some time after 2021. In May, Europe's governments will announce which nations will be first-wave members of monetary union. In retrospect, what will be surprising will be how calmly and

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Cinema needs so many ticket-buyers for it to break even that art must go hand in hand with marketing.  
In Weekend FT

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PERSPECTIVES

The Nature of Things

# Snowballs from outer space

Clive Cookson looks into the theory that Earth is moving through a cosmic blizzard

Are snowballs the size of small houses pelting Earth from space? That has been one of the most hotly debated questions of the year in astronomy.

Louis Frank, a space physicist at the University of Iowa, first proposed in 1986 that Earth was moving through a cosmic blizzard of small comets made up of loosely packed ice. One disintegrates in the upper atmosphere every three seconds, according to his theory, which was based on images from ultraviolet satellites.

Although Frank had a strong research record, few astronomers took him seriously. He says the scientific community quickly isolated him for persisting with such an unconventional idea.

Then, last spring, Frank and his colleague John Sigwarth published more convincing evidence in favour of the snowballs from a new satellite - and some astronomers started to look more sympathetically at his work.

Few were prepared to buy the details of his claim that Earth is hit about 30,000 times a day by fluffy ice comets, but many thought he might have drawn attention to an interesting and previously unknown phenomenon in the upper atmosphere.

As more analysis has been published during the year, Frank has claimed further support for his case. The critics remain sure that he is deluded by "noise" in the satellite equipment.

For example, George Parkes of the University of Washington, concluded this month, after studying one hour of data supplied by Frank, that "the white snow in space is no more than black snow

on the television screen". The instrument noise is similar to the noise of static on a hi-fi speaker, Parkes says.

The theory started with 1980s satellite images of the upper atmosphere taken in ultraviolet light. These showed dark spots - or "atmospheric holes" - which Frank believes are clouds of water vapour released by disintegrating comets. They look black on the film because water absorbs UV radiation.

The latest evidence presented by the Iowa scientists comes from Polar, a NASA satellite carrying cameras for both UV and visible light. The former again showed atmospheric holes while the latter showed streaks and sparkles that appeared to

correlate with the spots - visible proof, Frank says, of small comets breaking up in the upper atmosphere.

A further clue that Frank might be right came in August, when a satellite attached to the Space Shuttle recorded more water vapour in the upper atmosphere than scientists had expected.

This month he released another study, showing that the dark spots captured in NASA's UV photographs decrease in size and number as the Polar spacecraft's altitude and distance from the holes increases - just as one would expect if the cameras are taking pictures of a real phenomenon. "This result is a marvellous confirmation of

the reality of atmospheric holes," Frank says.

Parkes, however, maintains that he can detect the same black spots while pointing a similar camera at a laboratory UV lamp. He says they are an artefact of the camera's complex electronics.

What would be the implications of the snowball bombardment, if it is taking place? Frank says the comets, each containing 20 to 40 tons of water, would add about an inch to Earth's oceans every 20,000 years.

Assuming that they have been arriving for billions of years, they have brought enough water

to fill the oceans. They might also have brought the organic compounds that gave rise to life.

Few other astronomers are willing to accept that the snowballs would leave so little evidence of their arrival. Scientists from the University of Arizona say the sky would be sparkling like a Christmas tree with a continual display of bright clouds and flashes.

Each snowball would leave an expanding cloud of ice particles in the upper atmosphere, which would be clearly visible from the ground in clear weather, day and night.

Another serious objection is that, if icy comets are bombarding Earth, the moon

should be in the line of fire, too. On the moon, which has no protective atmosphere, even a small low-density comet would excavate an easily detectable crater 50 metres in diameter, the Arizona scientists say. Yet there is no sign on the moon's surface of the 400,000 hits a year that would be expected from Frank's theory.

Frank has a response for most of the critics' points. In general, he says, they do not take sufficient account of the special character of soft ice, as opposed to the hard rock of conventional meteorites.

His snowballs would glow only faintly in the upper atmosphere and would not cause significant craters or seismic activity on the moon.

However, Parkes says the burden of proof is on Frank, not his critics. "He is seeing things that are scientifically not permitted. It would, for example, be easy for me to say these dark spots are UFOs, but it would be up to me to prove it."

Minding Your Own Business

## Catalogue for childhood

Baby Basics arose from its founder's pregnancy. Grania Langdon-Down reports

When Ashiya Mahdi was pregnant with her first child, she spent some time toying with ideas for future business opportunities.

Sitting at home in Boston, Massachusetts, buying clothes and equipment for the baby from catalogues to avoid going out in the bitter winter of 1993-94, she compared the quality of the goods with the mail order offers she had seen in England - and decided there was a gap in the UK market.

Mahdi, then 27, already had close ties with England: she had attended Roedean school, in East Sussex, and was happy to commute between Boston and London researching her idea.

She set up Baby Basics Ltd in London in early 1995, launching - 11 months later and two weeks before her second child was born - the first catalogue of toys, books

and CD-Roms for children from birth to nine years. Setting up a mail order company requires steady nerves and substantial financial backing - ensuring orders can be met swiftly means keeping £250,000 worth of goods in stock, while the more than 1m catalogues sent out this year cost the company about £200,000 in postage alone.

Mahdi's professional background was in the real estate department of a retail bank in Boston, but she left when she married. She describes her personal background as a "complicated mixed salad" - she is of Indian origin, born in Zimbabwe, brought up in the US, educated in England and married to a Saudi Arabian cardiologist working at Massachusetts General Hospital.

The Baby Basics venture began primarily as a hobby, but she soon found it required much more time and commitment than she

had realised. "It is quite unusual for a girl from my background to pursue such a career, especially after they get married."

However, she had support from her family and through their connections, raised more than £1m to invest in Baby Basics over three years - partly from a continental finance company which holds shares in Baby Basics to protect its investment, and a loan from Rothschild Bank in the Channel Islands.

Mahdi, who takes no salary at present, and accountant, Robert Robinson, whom she has known professionally for several years, are directors.

Now 30, Mahdi says: "I had no experience in mail order and initially, it was an expensive learning curve. You have to go a lot with your gut instinct about what will sell." She started Baby Basics in a two-room office

in a modern development off King's Road, Chelsea, in south-west London, with a buyer and a secretary. "They sent out 50,000 catalogues the first year, hiring lists of names from other mail order companies."

"We also ran a massive advertising campaign with full page ads in parent/child publications because I believe that the more consumers see a name, the more comfortable they are buying from the catalogue."

"We anticipated a 3 per cent response. We did not achieve that. But we did achieve a 4 per cent response rate with our next two catalogues in the spring and autumn of 1996."

Having sent out 300,000 catalogues in September 1996, Mahdi faced a crisis two months later when the company she was paying to handle the processing and delivery of the orders went into receivership.

"We had to scramble. We

had to use another company to store the stock but we took the orders here in London ourselves and took on two people to work in their warehouse in Witney doing our packing and dispatching."

"During our 'peak week' in November we were taking more than 250 orders a day. Somehow we lived through it; we got all the orders out by Christmas but it was a nightmare."

Mahdi was determined to take control of the whole process. "We decided to look for our own warehouse and staff. In the meantime, we kept the spring 1997 catalogue small, sending out 150,000 copies, and handling all the orders in London."

Mahdi went to look at a warehouse used by the Red House Book Club, its deputy managing director of 18 years, Jan Ringsell, showed them around. Mahdi said: "We immediately had a good rapport and I came away thinking Jan was the one I needed for my business."

Ringsell took weeks before she decided to take up Mahdi's offer of the post of chief executive, bringing with her five others - her personal assistant, the operations manager and three office and warehouse staff.

"It was a hard decision," Ringsell said. "I had helped start the book club. But it had just been sold. I had reached 50 and it was time to do something new." She joined Baby Basics in June this year. In August, they leased 11,000 sq ft of warehouse and offices in Swindon and took on 35 people as tele-operators and packers.

Mahdi said: "It meant a huge initial investment, with the lease on the warehouse, all the extra staff - our wage bill has gone up from about £20,000 a year to more than £200,000 - and new computer systems which cost nearly £100,000. But, in the long run, it will halve the cost of the order processing."

"We are also considering handling work for other mail order companies and a couple have already approached us."

In spring this year, Mahdi had come up with an idea

for an adult gift catalogue, Quick Steps to Gifts, with products ranging from £3 star-shaped night lights to a hand-painted vase for £125. It was launched in September, in time for the Christmas market. "I figured we had the parents of children on our database and they may as well have the chance to buy things for themselves."

Another new venture launched this autumn was Fun Facts for Kids. The catalogue is sent to schools, which receive free products as commission on sales. So far, they have been sent to 39,000 pre-school and nursery schools in the UK and 900 English schools in Europe, the Middle East, south-east Asia and South America.

Ringsell said: "Because we are doing everything in-house now we need to

diversify to keep the warehouse busy all year round and not just at Christmas. They do as much as they can themselves, from designing the catalogues, which cost about £30,000 to produce, and some of the toys, to calling on Mahdi's children to model the products. Many of the products are sourced from abroad to avoid duplication of gifts already on sale in the UK."

The company's turnover has grown rapidly from £50,000 from the first catalogue's sales, to £200,000 last year. The target this year is to triple the 1996 figure.

"We have invested too much in the company this year to make a profit and it won't be until the end of next year that we start to reap the rewards," Ringsell said.

One possible idea for next

year is to open a retail outlet as a showcase for the catalogues. "There is no reason why we couldn't have a shop in every big city eventually," Mahdi said.

She plans to continue commuting between Boston and London for the next six months. "But increasingly, my husband and I will have to make a decision about where he is going to be based. We have been approached by an American company but at the moment we want to keep our independence."

"Baby Basics is run as a family business and I think it would lose something if it was taken over by a big conglomerate."

Baby Basics Ltd, Unit 7, Birch Phase, Kembrey Park, Swindon SN2 6UU. Tel: 01793 697300. Fax: 01793 697301.

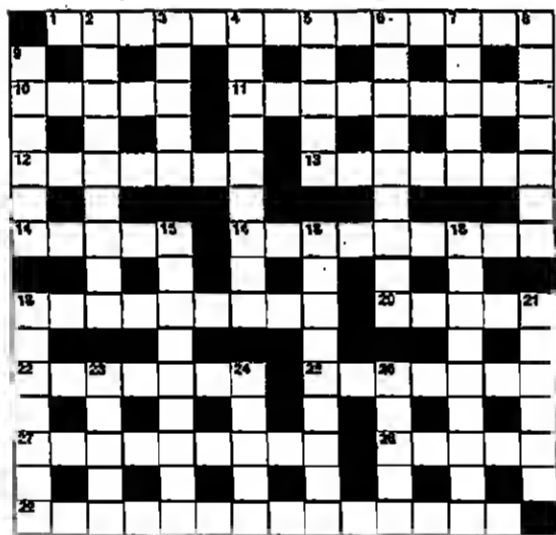
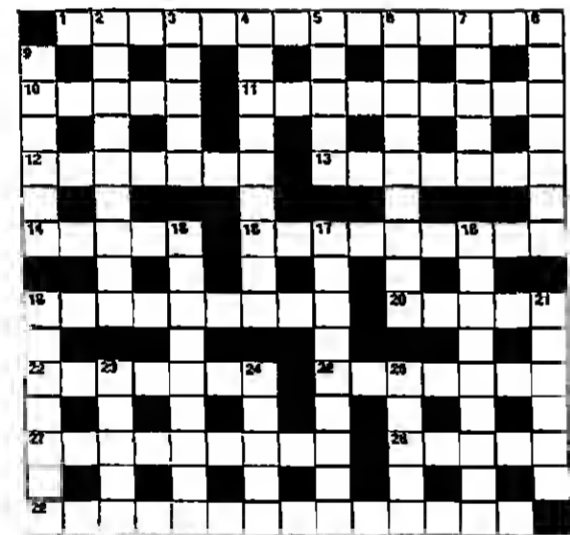


Jan Ringsell (left) and Ashiya Mahdi: 'A shop in every big city'

South West News Service

## CROSSWORD No. 9,566

Set by DINMUTZ



Apart from 1 across, which spans both grids, each clue is really two clues side by side but not overlapping. Solvers must discover which grid is to receive the answers. Either side may come first.

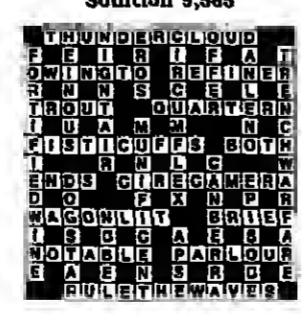
ACROSS

- Smollett's continental tour (7,7,6,3,5)
- Not we hear, a composer to haunt one's thoughts in this genre, curiously (5,5)
- Introducer of novelties in star rise - handles of jug clink etc (8,9)
- Study-trial controversy to perish in opening dreadful punishment (7,7)
- Skill of Olympic finalists in ugly scene - country suit in a mess! (7,7)
- Antelope of English countryside idly destroying earth-crop (5,5)
- US city's a-thrill permanently (Limoges no different this new term (9,9)
- Pointed missile in quarrel with chief - fish-pole, perhaps - that is plain weapon (9,9)
- Savory dip, as prepared, heats things cruelly slain (5,5)
- Attacks rushes to heat gold outside (7,7)
- Finish work in Derbyshire - commend pop-rave, possibly (7,7)
- Daring young man in the ring crazy, as mere lad, for Hugo's girl (9,9)
- Coming before a superior by reason of offence at church (5,5)
- People of one's own age breaking down, naturally? (14,14)

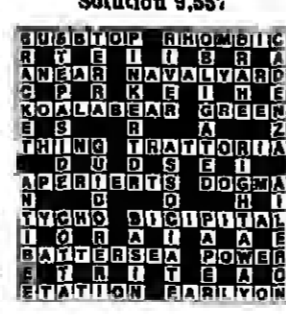
DOWN

- Flower-store described by Grahame - storyteller to run race-medley (9,9)
- Staff sometimes care for male servant with farewell letter (5,5)
- Poor living, roughly sixteen, with church-song in lime meadow (5,5)
- Music-group spells trouble for trawlermen - strain, say, of loose stitches (5,5)
- Reading, they come up with ideas (9,9)
- Voices in typical Tosca production demoralise a French chap (5,5)
- End of spar at sea - socks suspended? (7,7)
- Black acrobat's act - socks suspended? (7,7)
- Talk of girl's plan to humble county class (9,9)
- Peter Warder to protect famous painting of Mr Chips, for example (9,9)
- Jam trombone slide? (9,9)
- Superannuated chief (one in charge) saw gypsy in lead (7,7)
- Private papers destroyed - the Listener included in cutting (5,5)
- Time for musicians playing after April in "Pinafore" (5,5)
- Sovereign to be mean with? (5,5)
- Faded musician new notes in the beginning (5,5)

Solution 9,565



Solution 9,567



WINNERS 9,567: K.S. Holden, Sidmouth, Devon; D. & M. Anstey, Scaptoft, Leicestershire; Mrs S. Farquhar, Woodley, Berkshire; M.K. Ingram, Silfield, Norfolk; M. Pegg, Nether Poppleton, York.

Name.....  
Address.....

A prize of a classic Pelikan Snoveran 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday January 7, marked Crossword 9,566 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 10.

## BRIDGE

## CHESS

Instead of wondering how to stomach yet more turkey - thinly veiled in filo pastry, a vol-au-vent or, worse still, brazenly fricassee - bridge players can retreat into their own world. This four, oblivious to the frivolities of the festive season, played this hand very well.

North 10 4 3  
East 9 2  
South 10 8 7 2  
West 9 10 8 8

W 8 7  
E 8 7  
W 8 7  
E 8 7

W 8 7  
E 8 7  
W 8 7  
E 8 7

North East South West  
2S 1H 1S 2C  
2S 3C 3S  
North's 2S raise was certainly aggressive but, in a competitive auction, bidding to 2S quickly often pressures the opposition. Here, it persuaded South to compete to 3S which, as East-West can make 3C, is a fine contract. South would have made it too, had not West been determined to make the best of his meagre hand.

West led A♠, and then switched to 8♥. East won with A♥ and assessed the position. There were no more club tricks and West's 8♥ almost certainly denied K♥. East decided to lead A♥ which, as dummy contained only small cards, was unlikely to cost. West encouraged strongly with 9♠, and East continued, won by West's K♠. With no tricks to be cashed in clubs, diamonds or hearts, West concentrated on his last chance - a trump promotion - it only required East to hold 9♠. He led a third round of diamonds, and East produced the miracle card. Declarer could only overruff, and concede a trump trick to West's A♥ doubleton.

As a defender, whenever you hold an otherwise useless trump holding, such as QJ, Qx, Jxx, even 10xx, you should look for the possibility of a trump promotion. If partner can ruff high enough to force a declarer, an extra trick can be established. Notice, here, that East had to ruff with his top trump if he had carelessly played his 7♠, declarer would have overruffed with 8♠ and claimed his contract.

Paul Mendelson

Cecil Purdy, the four times Australian champion, was one of the great teachers, specialising in clear and helpful advice for ordinary players.

His best writing and games have been collected in *The Search for Chess Perfection*, published by Thinkers Press (£13.99).

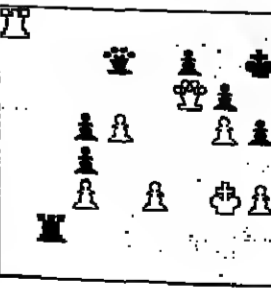
Purdy advised examining all checks and captures, however unlikely, including what he called "jump mates" and "jump checks", moves which would be possible if every piece could jump over everything in its way.

Searching for the opponent's threats, then for surprise replies to the move you intend, cuts down oversights.

And in quiet positions, writes Purdy, modest plans are best, mobilising your least active piece or pieces. If you cannot strengthen your position or weaken your opponent's, play a waiting move.

own choice for each turn. After 20-30 games, says Purdy, you will select an increasing number of the moves actually played.

Purdy's book also has advice on many other recurrent situations which average players find difficult. Section headings include avoiding traps, pawn walls for castled kings, when and when not to exchange pieces, and transition from opening to middle game. Purdy's folksy style does not suit all learners, but many find it helpful.



No 1211  
Chernin v Dunnigton, Capelle 1994.

This looks hopeless for Black (to play), so how did he save the game?  
Solution, Back Page  
Leonard Barden

## PERSPECTIVES

Germaine Greer

## We fought for freedom – but now we just fight

It is hard to be glad that 'equality for women' has come to mean they can box and join the army

Every year, as the nights lengthen and gloom covers the northern hemisphere, the media turn their tired eyes to feminism and ask one or other of two questions. In years ending with an even number, they ask themselves "Is feminism over?" and instruct their myrmidons to scribble endless answers to a question that real people have never thought to ask. In odd years, they want to know if feminism has gone too far.

This having been 1997, hordes of amazed and appalled hacks have charted the onward march of feminism into the realms of the too far, along with its apocalyptic horsemen – wrecked marriages, falling birth rates, increased abortion and illegitimacy.

In England, Fay Weldon, the distinguished feminist novelist

and playwright, was moved to write of the sufferings of men in a world where girls do better at school and women get all the jobs. "Women may have achieved equality and be on the road to superiority," she wrote, "but mothers somehow remain a separate case."

How can it be that as women get richer and more powerful, mothers get poorer? Mothers are not eligible for equality because men are not mothers. Equality is predicated on the present condition of men.

Feminists are nowadays assumed both to have had equality as their goal and to have achieved it. Anyone re-reading the radical feminist writers of the 1960s and early 1970s would find that the word "equality" is seldom used; the goal was liberation. I was not the only feminist who argued that the oppressed

condition of men was not our goal.

We did not want men's jobs or the key to the executive washroom. What we wanted was freedom to emancipate ourselves from the system that oppressed men and women alike. Liberation was always too visionary to be attractive; when capitalism did not die as we all expected, ideal liberation faded into achievable equality. Equality was another name for fairness. No right-minded person could oppose that.

The equality argument holds that women should be allowed to do anything that men do, on the same terms as men. Act equal and you can be equal. No field of masculine activity, no matter how dark or brutal, can exclude women. Women in several European countries may now box as professionals.

Rich, well-educated men don't box; boxers are usually owned by richer, smarter people. What kind of a triumph is it that managers may now run strings of female pugilists alongside their males? How glad should I be that, for money, women can now beat each other to disfigurement, dementia and death?

In both boxing and politics the equality that women have gained is more apparent than real: though New Labour has packed the British government benches with an unprecedented number of women, they are so tightly controlled by the executive that they can have no effect whatever on government policy. The presence of nearly 100 women coincides with Tony Blair running the most hideable parliamentary party in history.

In many striking instances, the equality argument has been

invoked against women's interest. When, after a spate of attacks in a public car park, a local council provided a brightly lit area, with surveillance cameras, for the use of women only, their action was deemed illegal under European equal rights legislation.

The rhetoric of equality obscures genuine difference; the people attacking users of the car park were not women; the people they attacked were not men. Men are more dangerous than women but the rhetoric of equality requires me not to say so.

All the contradictions in the equality argument effloresce in the figure of the woman soldier. Early feminists tended to argue that war was a perverse manifestation of ultra-masculinity, which had little to do with women, and even less with freedom. After 30 years of feminism,

half a million women worldwide are bearing arms, most of them in popular liberation armies (that word again), all volunteers.

This was the year that the Greek government announced that all women between the ages of 18 and 50, unless ill, pregnant or mothers of children under 12, will be conscripted to serve in the Universal Defence Force and be trained in the use of weapons.

Until this giant step for mankind, the presence of women in the military was a reflection of lower wages, together with a scarcity of job opportunities for women in the civil sector. Equality demands that military women be not simply nurses or office staff but that they be admitted to elite units and weapons training, and see combat.

Forty thousand women, 7 per cent of the total US contingent, served with the US armed forces

in the Gulf conflict of 1990-91; in the name of equality, women of the rich world killed women and children of the poor world.

Armed need to be savage; they prove their savagery first by ill-treatment of the vulnerable in their own ranks on the shape-up or ship-out principle.

If women were to be equal they would have to endure the ill-treatment, even if it involved rape or torture. A US senator reported gloomily that "American women serving in the Gulf were in greater danger of being assaulted by our own troops than by the enemy".

After months of investigation of sexual harassment cases in the US military, an investigating committee has now decided that men and women must be trained separately and serve in separate units, even at platoon level. Separate but equal, presumably.

My meeting with Benjamin Zander was beset from the start with technical glitches. First, there was the problem of just getting in touch with him. Zander was in London for a few days, giving a flurry of concerts, masterclasses and business seminars (of which more later), keeping him head-spinningly busy. But, in the modern way, we managed to fix a rendezvous by mutual voice-mail messages.

Except that gremlins intervened: I didn't get to hear his last missive, which had cancelled our meeting. So I was at the Royal College of Music, watching Zander rehearse his young orchestra when we should have been having lunch. At the end of what looked like a gruelling session, he was apologetic but unfazed and frighteningly spontaneous: "How are you fixed for breakfast tomorrow?"

We met at his hotel, the Royal Garden in Kensington, and began to tuck into a traditional English breakfast ("every fourth breakfast, I do an English"), when I noticed my tape recorder had stopped. "I'm so sorry, this has never happened to me before," I offered lamely, and sprang across the road to buy some batteries.

We resumed our conversation, but the incident had been logged and inwardly digested by the ever-vigilant Zander. Towards the end of our breakfast, when we had been talking about people's capacity to be inspired by a vision, and the impact of Martin Luther King's "I Have a Dream" speech, we made a bathetic return to my defunct Duracells.

"Your batteries are a classic example of what I am saying," he said. "You were sitting here, you were worried that you had offended me, you got understandably flustered and rushed off. But just think about it – you are offering me this space to reach all your readers, we are having this mind-blowing conversation and your batteries fail. So what? It doesn't matter! It is a load of rubbish. You and I have set in motion something which could have a profound effect on the way people think."

This is not an untypical flourish of inspirational, but slightly unsettling, rhetoric from Zander, a man who has made a considerable impact in recent years applying his talents as a musical teacher and conductor to the altogether harder edged world of business.

He dresses his message in what has now become the familiar language of corporate seminar-speak – empowerment, engagement, passion are favourite words – but backs it with a compelling image: the business as orchestra, the leader as conductor, gaining his or her power, not from talking loudly but from remaining silent. "The conductor gets his power from making other people powerful. It is not about dominating people, it is about enlightening them."

Zander has absolute faith in the power of music to relay his message. He puts his students at the very heart of his medium: part of a course he gives to the London Business School places students in the middle of an orchestra while they rehearse. "Music is a very powerful force. I can make music the tool, the flight-path to the eternal."

The "flight-path to the eternal" is a Zander catchphrase, a slick summation of the transcendental nature of his quest. Another, more prosaic, is "beyond-the-



Benjamin Zander: I recently asked three companies for their mission statement and they all said "to be number one". But that is not a mission statement... it's ludicrous

Breakfast with the FT

## The man to recharge spent batteries

Benjamin Zander, musical conductor and business school teacher, uses a technical hitch to illustrate his message. Peter Aspdon met him – eventually

luck-it", a reminder that frustration must be followed by a determination to bounce back and do better, and "playing on one but-tuck", an *aide-memoire* for musicians to bring physical passion to their playing.

He is, he says, in the reminding business. When talking to an orchestra, he gives an elaborate explanatory talk on the place they are playing, "to make the music come alive, and to remind them why they went into music in the first place". During his classes, powerful emotions are unleashed. In a BBC documentary devoted to him and shown last month, a student was shown breaking down in tears. What was that all about?

"It was a girl, a singer, who was watching me giving a class to a violinist, and saw how her playing had gone from nervous to passionate in the space of seven minutes, and she realised that was her out there, she realised how she had been beaten down all her life and saw what could happen when you broke out of that."

"They were tears of relief and frustration. I asked her if she wanted to sing right there and then, and she wiped away her tears and

sang Puccini. It was fantastic." But then he said he didn't want to talk too much about the crying "because it sounds bizarre and a bit New Agey. When people get in touch with their humanity they can get very emotional, in a number of ways."

But why were they out of

**'You were worried that you had offended me; you got flustered and rushed off. But so what?'**

touch with their humanity in the first place?

"I don't spend too much time thinking about that because it is so obvious that we are in that state." The merest of pauses. "The human being is an expansive, passionate, relationship-based animal."

"But at a young age, we start closing their minds. And then we go into a system which essentially measures us all the time, and it

gives us all sorts of fears."

But he was preaching to business people; and business, of all things, thrived on measurement, performance indicators, bottom lines?

"And there is nothing wrong with it, most of life occurs in the measurement model. It is very enhancing and invigorating. Competition is tremendously exciting."

"But there are also areas of life which are about something more – when the [Berlin] Wall came down, when Mandela came out of jail, or when Beethoven's 9th is playing, it is not about winning or losing, it is about some shared energy. It is about human possibility."

"Where businesses have fallen into a trap is in generating a huge amount of energy in the competitive aspect and forgetting what their original purpose is. I recently asked three different companies what their mission statement was, and they all said 'to be number one'. But that is not a mission statement, that is a goal. They cannot all be number one. It is ludicrous."

So this was the message he gave to the business community: it was all very well, but didn't they just enjoy the music, and then forget about it as soon as their feet went behind the desk again?

I am reprimanded, charmingly. "That is a question in the downward spiral. It is fine to be there, it is a perfectly legitimate question. But another way of putting it is, how can we keep that message alive? Our question assumes that that possibility is not available. One of the things I train people to do is return their questions."

And what else? "I make sure everyone gets it about music, even if they know nothing about it at the start. It is not that difficult. Great art has a way of infiltrating our being."

We had finished eating our breakfast by now, but Zander was getting more loquacious by the minute. "You and I sitting here are all about generating possibility."

We are sitting in the presence of a huge opportunity. Look around you, look at this beautiful view... He waved an arm towards the window, and by coincidence, he was pointing to Kensington Palace; I remembered the summer's extraordinary scenes following the death of Diana, Princess of Wales, and began to wonder whether Zander's mission to

open hearts and minds was even necessary anymore. But we had moved on; in my distraction, I had failed to notice that he had moved

to the Palestinian issue. "Of course the solution there is extraordinarily simple, but very difficult to achieve." I raised an eyebrow. "My

father wrote an open letter to the Jewish people in 1947, saying that it was wonderful that they now had their own homeland, but they should

remember, in every single conversation or dealing that they had with an Arab, that they were on someone else's property. What they were asking of them was the ultimate gift. Was this heeded by the Jewish people? No. They thought he was anti-Semitic."

"Actually, Shimon Peres was in this hotel, and I said hello..." He then told me about a personal aspiration which he said was so ambitious that he would rather I did not quote him, for fear of appearing arrogant. And then he was off, on a new dizzying round of rehearsals, classes, seminars, followed a couple of days later by a flight to Hong Kong to talk to business leaders there for just 45 minutes.

The following evening, I attended his concert at the Royal College of Music, which included a blazing account of Shostakovich's Symphony No. 5. As the ironic thumps of triumphalism in the final movement came to a close, three rows of students from the London Business School sitting behind me beamed with pleasure.

They looked as if they had got it.

■ Benjamin Zander's book, co-written with Rosamund Stone Zander, *Brilliant by Design*, is published by Harvard Business School Press.

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Paul Erdman

## The Year Zero

Part Two of Paul Erdman's thriller.  
A group of Asian finance ministers blame Europe for their current economic plight and colonial past. They hired legendary currency dealer Gerhardt Grössenwahn to kill the euro. Grössenwahn and his assistant, Suzi Chang, have limitless funds for an assault on the French franc. The attack will begin on December 7 1998

There was a young man from the Duoro who went to a hotel in Truro at the end of his stay. He was unable to pay. As the landlord would not take his euro.

At five o'clock on the evening of Sunday, December 6 1998, Gerhardt Grössenwahn arrived in Basel. He was accompanied by Suzi Chang, and it was she who attracted most of the attention when they checked into the Euler Hotel. She wore a traditional high-collared Chinese qipao with a side slit that went higher than any dress worn in public since the early Ming Dynasty.

For the financial of mind, however, the thrill of the location was a front room with an uninterrupted view of the Bank for International Settlements, the central bank for central bankers.

Half an hour later, the pair went down to the hotel bar, Suzi having changed into a perfectly crumpled Issay Miyake dress, complemented by a padded jacket as worn by a Chinese peasant but as sold by Shanghai Tang in New York. Beat von Thun and Taxis was already there. Beat was the sole surviving member of the Swiss branch of that family which had established a private bank in Basel in the year 1897.

It was housed in a building on the Rittgerasse that dated back to the great earthquake of 1356. The opera had always been shrouded in secrecy. Its telephone number was unlisted and balance sheets never published. Entrance to the building was strictly limited to employees and clients who numbered among the world's most affluent.

Those few who did gain access were dazzled by what they saw behind the ancient facade: a display of 21st-century trading and media technology that made Bloomberg's offices on Park Avenue in New York look like the early days of Gutenberg.

The foreign exchange operations were run by a small core of mathematicians and quantum physicists in customised cubicles on the fourth floor, each of them dominated by a bank of computer screens that allowed access to every online trading network in the world. The bank had developed programs that exploited a margin in exchange rates the moment an opening appeared. It was a ruthlessly efficient, wonderfully profitable system.

Von Thun and Taxis had known Grössenwahn since the German had worked for the Union Bank of Switzerland and made his first fortune on the devaluation of the pound in 1967. When Grössenwahn had called him ("Beat, I need a small favour"), he sensed that something very big was about to be set in motion, and he wanted a stake. The mere presence of Suzi taunted him, more for the financial intrigue that she implied than for her obvious distractions of the flesh.

Grössenwahn told him part of the story: it was no a need-to-know basis, as always. But four words, "The Sultan of Brunel", convinced von Thun and Taxis that it was in his best interests to allow Grössenwahn to take over two of his best trading cubicles. Nothing was said of the complex network of Asian institutions backing their assault on the European currency system.

Suzi looked at the Swiss banker, rewarded him with a faint smile, and assured him: "You are fortunate that the Swiss franc is a neutral currency. As you know, Gerhardt takes no prisoners."

Later that night, Grössenwahn called Tony Li in Hong Kong. "Tony, the ducks are in formation. Prepare the pancakes and plum wine." Li laughed momentarily, paused and then spoke slowly: "I hope the Irish keep their dignity, even if they do lose their currency. I like the Irish. He who does not understand fate is incapable of behaving as a gen-

tleman." Gerhardt knew the reference; The Analects 203. At 8am on Monday, December 7 1998, the anniversary of the attack on Pearl Harbor, Gerhardt Grössenwahn and Suzi Chang were greeted by Beat von Thun and Taxis in the lobby of his bank in Basel. "I love the smell of the trading room in the morning," said Grössenwahn, as they were taken to the fourth floor and introduced to the bank's chief dealer. He showed them to their cubicles, and explained the workings of the computer network.

They were far from the London and New York exchanges, but had ringside seats. They could track every trade and disguise their own movements with systems routed through a small welding factory in northern Thailand via the Australian National University in Canberra via an Istanbul coffee shop whose backroom contains the most remarkable collection of telecom switching technology.

The electronic broking system would be central to the operation. The system worked automatically, with neither the party nor counterparty to trades knowing each other's identity until the deal was done. Dealers from anywhere on earth simply entered either a bid or offer for a currency. All of the bids and offers were stored in the system's central computer. The computer automatically matched bids and offers, after checking its data bank to make sure that the banks had credit lines with each other. Usually the bids and offers were made in bundles of \$5m and \$10m. Even the largest deal would be put through within seconds - it was all Grössenwahn would need to wreak havoc in the currency markets.

But it was still too early. So he got up from behind the computer screen and peeked around the corner into the cubicle that Suzi now occupied. "Everything set?" he asked. "The journey of 10,000 miles begins with a single step - I am ready to do a little walking," she answered. Suzi wasn't dressed for walking. Today she was in a tight-fitting green silk number that suggested a ripe pea pod. She could see what he wanted, the customary breakfast of strong black coffee and a Cuban cigar. Suzi searched out the coffee and by the time she had returned, Grössenwahn was puffing away on one of Cuba's finest.

With the cigar hanging from the left side of his mouth, he sat down in front of his Reuter monitor and punched up the Irish punt. The bid, the highest price, was 1.4740 against the dollar. The offer, the lowest price, was 1.4780. The central rate for the punt within the newly established European currency grid was 2.60 against the German Mark, which translated into 1.4750 against the dollar. Under European currency plans, the currencies evolving into the euro were allowed to deviate by only 1 per cent on either side of this central rate, so the punt was pretty much where it should be. But out for long.

Grössenwahn then examined the phone system and, after consulting his notebook, entered eight new numbers in the speed dialling system - three in London, three in New York, one in Tokyo, and one in Hong Kong. He checked his watch again and decided to wait another 15 minutes.

"So which strategy are we going to use to take Tiger Mountain?" Suzi asked. Gerhardt was at ease with her elliptical speech. Conventional speech patterns had begun to annoy him 25 years ago. He could not spend long in a room with a person who insisted on subject-verb-object.

"I'm going to start by working City Bank in London. You'll tap the London office of Hongkong and Shanghai Bank. We'll leave the Bank of Edo-Mitsukoshi out of it for the moment. You've got the name of the guy there?" She nodded. "We're going to give exactly the same instructions. We want them to make offers on the Irish punt that will meet every bid served up by the computer. And we keep on doing it until no more bids show up. Then we'll start to shave the selling price. That will bring in the Central Bank of Ireland. The volume is going to pick up as they try to keep the punt stable. By that time, New York will be open, and we'll switch the action, bringing in the Bank of Edo-Mitsukoshi."

She nodded and then asked, "How long will it take before the Central Bank of Ireland gives up?" "Not long. The weight of money will be against them. This is a currency that has been overvalued for two years. Others will quickly pick up the scent of the wounded money. They will all make profits on the way down. The Central Bank will hike interest rates. It will look like an act of desperation and they will be gone. The hyenas will already be tearing at the carcass of the currency. We will have dragged it so far out of the single currency grid that they will need a telescope to see where they are supposed to be."

"But remember Suzi, this is just a trial run. The real target is going to be the French franc. With the Socialist government intent on putting half of the unemployed in France on the government payroll, their currency is more vulnerable than the punt. It is a joke. It should have been given a thumping long ago."

"Then why fool around with the punt? Why not go right at the franc?" "To prove that it can be done. Then, when we go after the franc, we will not be alone. Every hedge fund operator on earth who missed out on the punt is going to try to get in through the door for a stab at the franc. Et tu Société Générale. The critical mass will kill the currency."

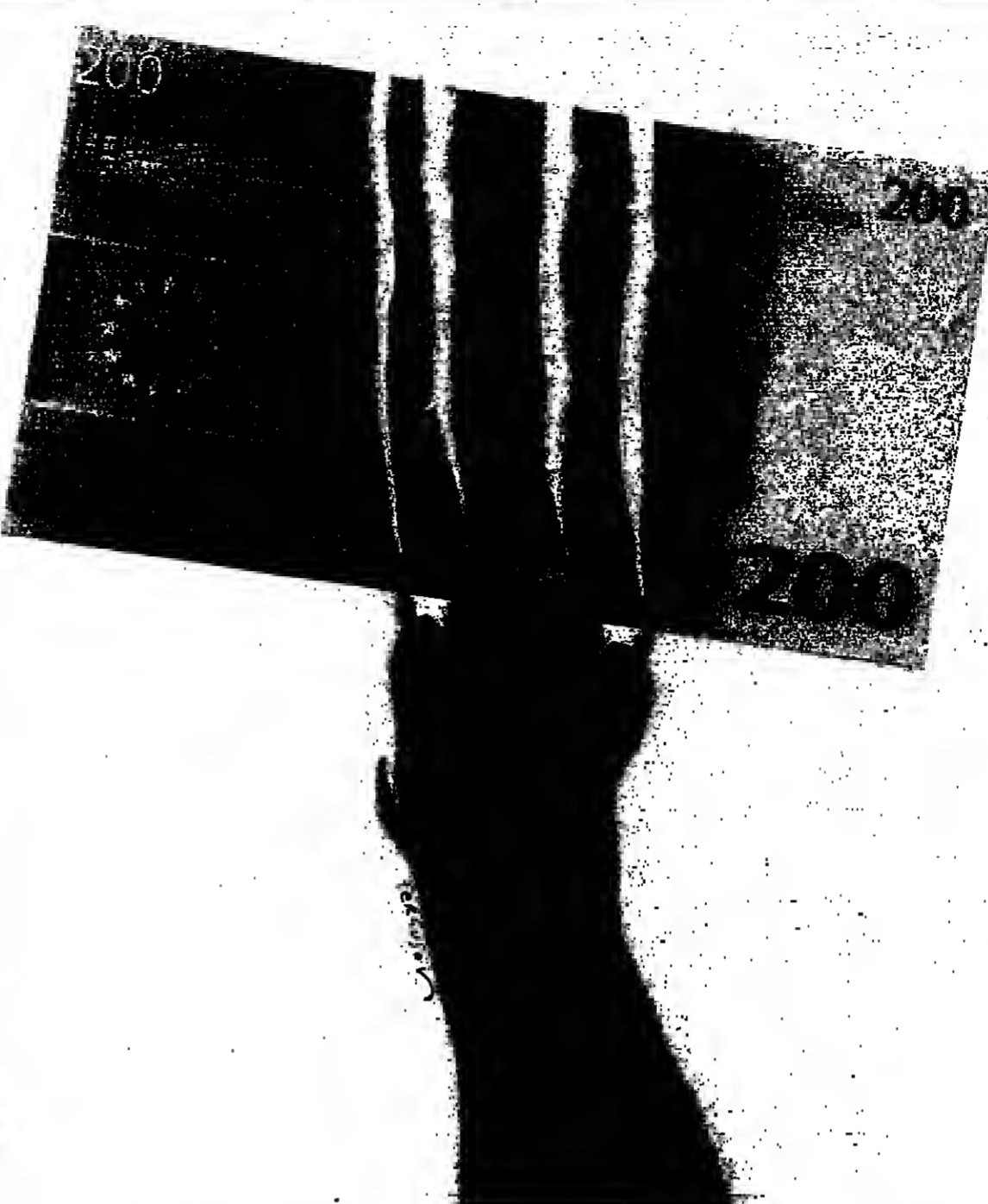
He placed the first call of the day to the chief dealer at City Bank in London, George Pierce, who was expecting the contact. Pierce's boss in New York had told him he was to follow instructions precisely.

After the pleasantries, Grössenwahn briefed him. "I want you to offer the Irish punt and hit every bid in both the spot and forward markets until the bids dry up. Then start to drop the offer price. I will be watching the action on a monitor."

In other words, drive the currency down. In the cubicle next door, Suzi Chang was giving the same instructions to the chief dealer at Hongkong and Shanghai Bank in London. For the next two hours, neither did anything. They just watched their Reuter monitors and studied the stirrings of a trading trend that would bring Europe to its knees. Then Grössenwahn had an idea.

"The French franc is vulnerable: it is a joke. It should have been given a thumping long ago."

The Irish cabinet met in Flaherty's office. "Do we have any choice Pat?" the prime minister asked. "I don't know. There is no precedent. Obviously they have a point. But they weren't in there taking blows on our behalf. The other European central banks, well, they backed away. The Bundesbank did less than the Bank of England."



"Suzi, who do you know best at Chase in New York?" "Fred Hill."

"Call him and tell him - that you've heard a tip that somebody's out to bring down the Irish punt. Don't tell him where you are."

An hour later, all the bids had dried up. Then they started to drop the offer price in London. The punt began to sink. Right on schedule, Ireland's central bank entered the market. The volume soared. The punt began to recover. Now, after receiving a call from Suzi, the Bank of Edo-Mitsukoshi's New York office joined the fray. By the end of the trading day in New York, the punt was on the ropes, pinned against the lower of its official trading bands.

By nine that evening, Grössenwahn and Suzi Chang were back at their corner table in the bar of the Euler Hotel. They were almost immediately joined by their man inside the Bank for International Settlements, Urs Weber. He was a little nervous, quickly ordered a straight bourbon, and leaned across the table to confide in Grössenwahn. "All hell broke loose this afternoon. Somebody started a run on the Irish punt. Tietmeyer, Eddie George, Alan Greenspan's assistant, and Patrick Flaherty, the Irish Finance Minister, were all on the phone trying to figure out who, and why."

"I think we all know why, Urs," replied Grössenwahn. "The Irish punt has been overvalued for years. And Ireland has a real estate bubble that makes Tokyo look cheap. It costs more to buy a house in Dublin than Paris. Sooner or later the fall was inevitable. I am always in favour of sooner."

"That's exactly what Tietmeyer said," Weber replied. "So the Bundesbank is not going to step in?"

"No."

"What about the Bank of England?"

"They did some trading today, but I think it was mostly selling. They were a bit amused by it all. One of the more junior people there was telling jokes about the euro. Those knock, knock jokes that the English seem to like."

"And if the Irish come to the BIS and ask for help?" "They won't get it."

"So the 11 euro currencies will now become 10?" Suzi asked.

"For the moment, yes," Weber replied.

"What a shame. Although 11 was always a strange number. Ten is rounder, more complete." Grössenwahn said.

"I agree. What do you expect to happen next, Gerhardt?" Weber asked.

"Maybe the 10 will become nine."

□ □ □

Patrick Flaherty called up the punt rate again. It had fallen 3 per cent in 15 minutes. He urged the governor of the central bank to hike interest rates another 5 per cent: "We have to hold the line. We can get back from here. We're not out of reach yet." The alert that the central bank was about to make another announcement halted trading for a moment. Irish interest rates were raised to 21 per cent. Flaherty then went for his "lucky wallet".

Whenever he watched an important soccer match on television, the lucky wallet around the perimeter of his house seemed to make all the difference - his team would inevitably score a goal while he was out of the room. He had never tried it at work.

By the time he got back, the punt was blown away. Jean-Louis Tricolette, the head of the European Central Bank, was on the phone: "Patrick, I am sorry. You know I am sorry. But we are three weeks from finalising the rates for the euro. We can't have this chaos infecting the system. You will have to hold on for a year or so. Patrick, I am sorry, so sorry. C'est dommage."

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The Irish cabinet met in Flaherty's office. "Do we have any choice Pat?" the prime minister asked. "I don't know. There is no precedent. Obviously they have a point. But they weren't in there taking blows on our behalf. The other European central banks, well, they backed away. The Bundesbank did less than the Bank of England."

Ten minutes later, the Irish government announced that it was withdrawing from the euro indefinitely. "We are strong believers in a united Europe and a united currency. Our seat will be kept warm."

Foreign exchange dealers circled around the other European currencies, trying to figure out which would be the next to fall. The escudo took a hammering bid held out - the traders could sense that there wasn't the same weight of money hearing down on it. The lira was wobbling and the peseta looked shaky. The rumours were flowing: George Cronos had killed off the punt; Herbie White, the commodities king, had suddenly taken an interest in currencies; the Japanese were up to something. None were even remotely close.

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At 12.05pm on Tuesday, December 8 1998, Gerhardt Grössenwahn and Suzi Chang were calling London. The message to their dealers there was the same: sell French francs until the bids dry up. After they had staked out their short positions in the French franc, which would help the fall once the heavy selling started, Suzi was back on the phone, this time rewarding past favours by telling her "close friends" in 10 different banks that the "force" had brought down the punt was taking aim at the French franc. None of these "close friends" knew where she was, but the chief dealer at Banque Bruxelles Flaubert, being of suspicious mind, had the call traced.

He then called a colleague at Banque Hollandaise in Paris, who contacted a friend at the French finance ministry, who phoned a former polytechnique classmate at the Direction de la Surveillance du Territoire. Within an hour, two of its G-men (Gig-men, as CIA operatives call them) left 7 Rue Nolaton on their way to Basel/Mulhouse airport in a chartered jet.

The airport is, technically, in French territory. The G-men were met by two colleagues who had driven from the Strasbourg office. An hour later, they slipped across the Swiss border near the village of Benken. A car and driver were waiting in front of the church. About 45 minutes later they were on the Rittgerasse in Basel, circling the Banque von Thun und Taxis.

Four other agents had left at the same time for London. Their targets were the two banks that were pushing down the franc in almost every deal consummated through the electronic broking system that day. At 5.35, just as George Pierce, the chief Forex dealer for City Bank, London, was walking to a wine bar in the shadow of St Paul's Cathedral, he stumbled, fell, and lay motionless on the cold concrete. The crowd that had gathered included a man with a black umbrella, standard issue for the G-men. They call it a Mont Blanc. It releases poison darts that puncture the skin as if pricked with a fountain pen.

The chief dealer at Hongkong and Shanghai Bank was more fortunate. At 5.45, just as he stepped on to the street in front of his bank to hail a taxi to take him back to his apartment on Cadogan Place, a black Rover that had been waiting at the curb suddenly sprang alive and bit the dealer a glancing blow that sent him flying. He was barely alive, and would not be bothering the franc for a few months.

Just after 7pm on Decem-

ber 8, Grössenwahn and Suzi Chang emerged from the Banque von Thun und Taxis. They were unaware of what had happened minutes earlier in London. But Grössenwahn had received a hurried call from his friend at the BIS, who told him that the French finance ministry was making inquiries about von Thun und Taxis. The informant at Banque Bruxelles

Flaubert had spoken of an Asian beauty of porcelain quality.

Grössenwahn and Chang stroled to the Münsterplatz which overlooks the Rhine River and, after crossing the square, headed along the Augustinergasse towards the 12th century Mitterbrücke that spanned the Rhine. The street was deserted but Grössenwahn's senses were on full alert when he heard the sound of hurried footsteps behind them.

"Pass auf!" he hissed to Suzi in his native German. They both whirled as the two French agents were almost upon them. One had a pistol with silencer, the other a hunting knife. Grössenwahn grabbed the pistol and Suzi lunged to kick the knife into the gutter.

A minute later, one agent lay dead, shot with his own pistol, and the other's legs were shaking out the last of his life force, his neck having been broken.

"Let's dump them in the Rhine," Grössenwahn said with an unnerving calm. The French can't complain too much. This was an illegal operation. They will try again, but, by then, it will be too late and you and I will be the least of their worries."

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The next morning, all hell broke loose in Europe's financial markets. As news spread of what had happened to their colleagues in London, Forex dealers presumed that it was the franc that was fatally wounded. They could smell the blood of the currency. The Bank of France and the Bundesbank were bailing out the already holed boat, as were the central banks of the Netherlands, Belgium, Spain and, to a certain extent, Italy.

President Chirac called Chancellor Kohl three times

in 10 minutes: "Helmut, we are clear about where to draw the line, aren't we? Helmut, this is not about a currency; it is about Europe. It is about putting the past behind us."

As they were speaking, Grössenwahn unleashed his agent banks in London. That was also the signal for the London operations of the Asian network to join the fray.

The Bank of France decided that more drastic measures were necessary. It began withdrawing liquidity in a hurry. Call money was ratcheted up, way up - from 10 per cent, then 15 per cent, 20 per cent and then to 40 per cent. The higher interest rates attracted money to the franc and the buying eventually began again. The Bundesbank cut its interest rates, stemming the flow of money into the D-Mark. The recovery seemed complete. Chirac again called Kohl: "Helmut, you have cemented the friendship of our two countries. You have safeguarded the future of Europe. History will remember you fondly."

After the morning mayhem, there was an afternoon of relative calm in the markets, though an unflattering set of economic figures showed that French exports to Asia had slowed significantly and unemployment topped 13 per cent. The fundamentals had never looked worse. But Jean-Louis Tricolette felt confident enough to announce that the franc would quickly regain strength and the single currency, "the ship of Europe", would be launched on time.

On Thursday December 10 1998, at just after 10am, Grössenwahn and Chang played their cards. They brought the Brunel billions into play, alerted the Asian network to the endgame, called in old favours and formed new friendships. George Cronos came in quickly, sensing that the franc was out for the count this time. Obscure hedge funds that managed billions of dollars were obviously tracking Cronos and came in on his coat tails. Again France liked its interest rates, but the flow of money had turned into a torrent and the franc was 3 per cent out of range from the euro. The Bundesbank was bleeding money. The Bank of France was running low on reserves. Chirac called Kohl: "Helmut, we need to do more. We are losing our grip. This has nothing to do with personal or national interests. The stakes are higher than that."

The Bundesbank Council was in emergency session in Frankfurt. Kohl joined them on a conference call and urged the regional representatives to resist the onslaught. "My dear Helmut, we would if we had the resources. We are throwing away the money of the German people. How can I resist to Pilsener-Holstein and tell my people that we have nothing left?"

Kohl, a man far more cultured and aware than his public image would suggest, could sense the frustration of the German states and knew that he would have to call Chirac. He calmed himself for a few moments, called the Elysée, "Jacques, we will have to delay this thing for a year or two..."

The euro was dead.

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A fortnight later, the small group that had masterminded the killing of the Hyatt Regency in Hong Kong, Grössenwahn was still trying to purge his body of the adrenalin and could hardly begin to grapple with the \$400m that he personally had made in the past two weeks. In the distance, he saw the Star Ferry returning from one of its short journeys to Kowloon. He counted the people in the room, nine including himself and Suzi, and laughed within at the strange coincidence. Kowloon means Nine Dragons. These nine dragons had slain the euro.

Tony Li congratulated all present, joked that the 80-year rule of secrecy applied to their conversation, and said he had a confidential message from the Malaysian prime minister: "Speculation is not all bad. My country is today richer for it. Together, you have shown the power of Asian values. Perhaps we should consider something a little more ambitious. The Americans, they are more arrogant than ever and the dollar does look overvalued."

Grössenwahn put his senses on full alert when he heard hurried footsteps behind them

## BOOKS

## A year for the miniaturist

Short, highly personal books influenced by science and history dominated the 1997 bestseller list, writes Jackie Wullschlager

"He wrestled the world's whereabouts from the stars, and locked the secret in a pocket watch".

Dava Sobel's *Longitude* (Fourth Estate, £12) has been the bestseller of 1997, spending every week in the Top 10 charts and selling 350,000 copies. The story of an obscure 18th-century English clockmaker, who solved the problem of telling time at sea that had "stumped the wisest minds of the world for the better part of human history", it drew the questing outsider in all of us. Modest in scope, published to look like a pocket-book and just 40,000 words long, it was written for a handful of sailors and horologists, and rejected by 10 publishers. Its extraordinary success points to a new trend in late 1990s publishing: the triumph of the slim, finely honed, exquisitely styled, small book.

Across every genre this year short books are the bestsellers. In pocket format comes the science title of the year, *Fermat's Last Theorem* by Simon Singh (Fourth Estate £12.99, 58,000 copies sold), which recounts the obsession of generations of mathematicians with "a riddle that confounded the world's greatest minds for 358 years", and was finally solved by a Princeton reclusive in 1994. Directly imitative of *Longitude* in size, parchment-style jacket and old-fashioned nautical illustrations, is *Mrs Chippy's Last Expedition* (Bloomsbury, £10.99), by Caroline Alexander. Just published and heavily marketed, this is "the remarkable journal of Shackleton's polar-bound cat", the animal who accompanied the crew of the *Endurance* on the 1914-15 Antarctic expedition. And literary sensation of 1997, and one of the great books of the century, is Jean-Dominique Bauby's 139-page *The Diving Bell and the Butterfly* (Fourth Estate £9.99, 80,000 copies sold). Bauby, Parisian editor of *Elle*, suffered a stroke which left him mentally alert but able only to move one eyelid. The diving bell is the prison of his body, the butterfly his still-vibrant mind, with which, through a code of blinks, he records memories and thoughts, worldly joys and dark-night-of-the-soul terrors as he sits in his hospital at Berck-sur-Mer on the Channel coast. I read it, breathless, at one sitting: it is an autobiography where an extreme condition and sensibility epitomise the loneliness and search for meaning of our age.

What do these titles share? They all concentrate on detail, particularly they are absorbed in a fleeting

moment or a highly personal story. Love it or loathe it, Arundhati Roy's Booker-winning *The God of Small Things* (Flamingo £15.99, 106,000 copies sold) has its finger on the pulse of contemporary taste - its very title encapsulates this trend. Sensuous observations, sharply focused setting, the cruelty and passion of adult life seen through the tangential lens of childhood: to me Roy's story of seven-year-old twins growing up in Kerala recalls *The Tin Drum*. Contrast it with the 1990s best-selling Booker novel of India, *Midnight's Children*, where Rushdie is panoramic and sweeping, Roy is a miniaturist.

This "new style" of bestseller flies in the face of the high-is-beautiful, key-to-all-mythologies volumes that held sway in the 1990s and early 1990s. Fat, serious, popular books such as Simon Schama's *The Embarrassment of Riches*, Graham Hounslow's *Fingerprints of the Gods*, A.S. Byatt's *Possession*, established history and science as the sexy areas of quality

publishing. In the late 1990s, these are still the genres which bring a gleam to a bookseller's eye, especially when they are combined with a human story - a poor clockmaker, a mad mathematician. But books like *Longitude* and *Fermat's Last Theorem* present a more humane, accessible image than the intellectual blockbusters - they slip into a handbag rather than sit like trophies on a shelf. Thus the success, too, of recent mini-series: Penguin's tiny 60p classics - extracts from Peppys' diaries, for example, Bloomsbury's "Quids" - miniature story-books by popular authors such as Will Self, retelling at £1. Our sense of living in an age of over-information, with a welter of confusing facts on line at the press of a button, probably encourages us to fix on the individual or singular view. And these shorter, cheaper books appeal to a wider market - they are compact enough to sell not only in bookshops, but on racks in petrol stations, gift shops, supermar-

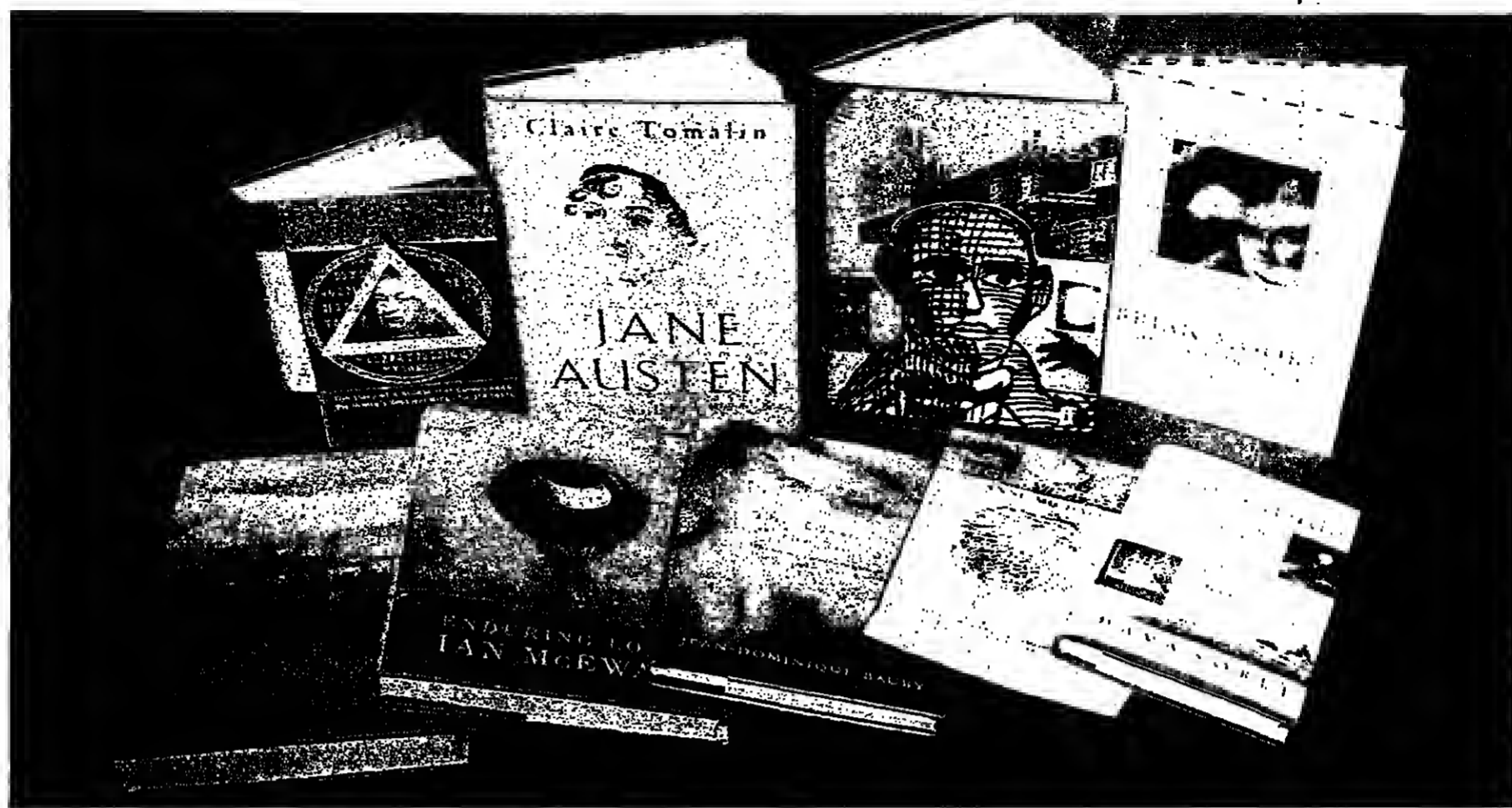
kets, reaching a new audience in the 99 per cent of Britons who never enter a book shop. On the other hand, the apocalyptic, blockbuster title continues to thrive. At the end of the millennium, we look to the past to explain the future. Among the year's most appealing examples, lucid and far-reaching, is *Life: An Unauthorised Biography* (HarperCollins, £20), Richard Fortey's "natural history of the first 4,000,000,000 years of life on earth", which guides us from the barren globe spinning through space, on to first signs of life on the rims of volcanoes, to the creation of an atmosphere and the evolution of plants and animals, including dinosaurs and homo sapiens. Among the most absurdly sensationalising is the bestseller *The Bible Code* (Weidenfeld, £20), a potent mix of ancient and contemporary values. Michael Drosnin claims a computer and an Israeli mathematician have unlocked a secret code in the Bible predicting world events from

Clinton's election to Rabin's assassination, and warns of imminent annihilation of the planet. Elaine Showalter's enlightened critique of *fin-de-siècle* hysteria, *Hysteria* (Picador, £16.99), is the book to turn to after exposure to Drosnin; for a historical perspective on nervous disorders, *A History of Psychiatry: From the Era of the Asylum to the Age of Prozac* (John Wiley, £19.99), by Edward Shorter, is excellent.

Two of 1997's most revelatory history books are those which move backwards to childhood and onwards to the human psyche. *Children's Games with Things* (Oxford, £18.99) concludes Iona and Peter Opie's trilogy, begun in 1959, on the nature of children's play: it ranges across medieval culture to today's playgrounds, and is a brilliant dissection of a universal but half-forgotten world. *The Naked Heart* (HarperCollins, £20), Volume IV of Peter Gay's mastery history *The Bourgeois Experience: Victo-*

ria to Freud, tells how by 1850 "the secret life of the self had grown into a favourite and wholly serious indoor sport". Few historians provoke more gasps of self-recognition than Gay; his analysis of 19th-century memoirs is mesmerising. That we are all Freudians and self-analysts now, as well as the cult of the celebrity, is the reason for the current deluge of autobiographies by the ambitious, from Nicola Horlick's *Can You Hear It All?* (Macmillan, £16.99, dull and ordinary) to Naomi Wolf's *Promiscuities* (Chatto, £12.99, insufferably arrogant) to Lynne Franks' *Absolutely Now!* (Century 16.99; breathtakingly shallow - surely a rabbit could write a more thoughtful "journey to her inner truth"). Bauby's memoir makes everyone else look trivial, but star of the English show is Stephen Fry's *Moskito* (Hutchinson, £16.99) - a gripping account of adolescence, witty, piercingly honest, and dazzlingly well written. Most compelling diary is *The Last Diary of Tsarina Alexandra*

(Vale, £14.95), building up to her assassination in 1918. Among biographies, my vote goes to Claire Tomalin's *Jane Austen: A Life* (Viking, £20). Adrian Desmond's *Huxley: Evolution's High Priest* (Michael Joseph, £20) and James Jones' *Alfred C. Kinsey* (Norton, £23); read them in a row and you get three centuries of cultural history through the focus on three extraordinary pioneers. History remains a driving force in literary and popular novels. Norman Mailer's *The Gospel According to Son* (Abacus, £14) and Jim Crace's *Quarantine* (Viking, £14.99), on both Booker and Whitbread shortlists, are fictional lives of Jesus; *Ramsey: Son of the Light* (Simon and Schuster, £15.99), Christian Jacques' epic about the pharaohs, has sold 2.5m copies in France and comes to Britain on a wave of hype. A cascade of 18th- and 19th-century subjects from our leading authors includes Peter Carey's *Jack Maggs* (Faber, £15.99), set in Victorian London; Fred d'Aguiar's *Feeding the Ghosts* (Chatto, £14.99),



Titles to draw questing outsiders - biography, mathematics, fiction, horology and autobiography

## The ones that got away

Susanna Rustin on publishers' hits and misses of the year



Causes for covetousness: authors Don DeLillo, Helen Fielding and John Banville

of my hero Hugh Gaitskell (Richard Cohen Books). The title that I have been most delighted to publish is Christopher Booker's *A Looking Glass Tragedy*. This not only makes sense of the Aldington/Tolstoy battle but argues profound issues about the meaning and interpretation of history.

The book I would least like to have been associated with is *The End of Alice* by A. M. Homes (Anchor). Richard Cohen, Richard Cohen Books: The non-fiction title I most covet is Claire Tomalin's biography of Jane Austen (Viking).

I am glad that I didn't publish Martin Amis's latest, *Night Train* (Cape), not because Amis isn't good but because he isn't worth the money that's paid him. I am also relieved to have avoided publishing Diana books.

Among the titles on my own list with which I am most delighted is *The Ideal Wife*, by Geraldine McCaughrean, David Marquand's biography of Ramsay MacDonald, which originally appeared in paperback over 20 years ago, and Brian Brivati's *Hugh Gaitskell*.

Walter Donahue, Faber and Faber: The book I wish we had published is *Courtesans and Pishchaks* by James Davidson (HarperCollins). The book on our list I am most proud of is *Jack Maggs*

by Peter Carey.

Susan Fletcher, Hodder & Stoughton: Kate Atkinson was on my last year's "most wanted" list and appears again this year with *Human Croquet* (HarperCollins).

Some of the highlights of our list have been first novels - Andrew Miller's brilliant *Ingenious Pain* and Charles Frazier's phenomenal *Cold Mountain*.

Despite a healthy respect for the bottom line, I can't help being relieved that my division has steered clear of Princess Diana books.

Dan Franklin, Jonathan Cape: The book I would have given my eye-teeth to have published is Don DeLillo's *Underworld*, which Picador are publishing in January. I read it in the same month as Pynchon's *Mason & Dixon* and Roth's *American Pastoral*. It would have been satis-

fy to publish the three great American novels of the 1990s, but my pocket wasn't deep enough.

The title on our 1997 list I am most proud of was *An Instance of the Fingerprint* by Iain Pears.

Hilary Hale, Little, Brown: I suspect every publisher would have loved to have had the phenomenally best-selling *Bridget Jones's Diary* (Picador) on their list. I would also have liked to publish Edward Rutherford's *London* (Century). The scale of his imagination is inspiring and his narrative addictive, particularly to someone like myself who is passionate about the history of their native city - a passion which drew me to *Restoration London* by Liza Picard (Weidenfeld & Nicholson). The book I am most pleased with is Joseph Kanon's first

novel *Los Alamos*, set against the background of the first atom bomb test.

I would have had no hesitation in turning down A. M. Homes' *The End of Alice* (Anchor Books).

Penelope Hoare, Sinclair Stevenson: I wish I had published Jenny Uglow's biography of Hogarth (Faber). Four titles on the (final) Sinclair Stevenson list stand out: Rose Tremain's *The Way I Found Her*, A.N. Wilson's *Paul*, Richard Mabey's *The Book of Nightingales* and Jane Gardam's *Missing the Midnight*.

Ursula Mackenzie, Transworld: My greatest regret this year is *The Diving Bell and the Butterfly* (Fourth Estate). An extraordinary book. We had the opportunity to offer for it but didn't feel we could move fast enough once Jean-Domi-

que Bauby died - how I wish we had tried harder.

There are three books that I am particularly proud to have published. Jon Lee Anderson's monumental biography of Che Guevara, *Frank Muir's* wonderful autobiography *A Kenitish Lad*, and Guy Vanderhaeghe's novel *The Englishman's Boy*, which won the Canadian Governor General's award.

Christopher Potter, Fourth Estate: The book I really wish I had published is Charles Frazier's novel *Cold Mountain* (Hodder & Stoughton). I'll come clean. What I really regret is that I had the chance to acquire it. What could I have been thinking of?

Although we had three No. 1 best-sellers this year (*Longitude*, *The Diving Bell and the Butterfly*, and *Fermat's*

*Last Theorem*), it was the appearance in the top ten of Kate Summerscale's *The Queen of Whales Cay*, shortlisted for the Whitbread biography award, which gave me most pleasure: mostly because Kate writes so well, partly because colleagues in the trade cannot quite believe that a book about a lesbian motorboat builder has done as well as it has.

Books I was glad to have kept at a distance would include anything with SAS, Diana, Spice or Mrs Merton in the title.

Stuart Proffitt, HarperCollins: I am sorry not to have published Claire Tomalin's life of Jane Austen (Viking), Jim Crace's *Quarantine* (Viking), Rose Tremain's *The Way I Found Her* (Sinclair-Stevenson) and Richard Cobb's last book, *The End of the Line* (John Murray).

It has been a wonderful year for HarperCollins. Books we have published have won the Booker Prize (Arundhati Roy's *The God of Small Things*) and the Pulitzer Prize (Frank McCourt's *Angela's Ashes*). Kim Stanley Robinson won the top science fiction prize, the Hugo Award, for *Blue Mars*. Alison Samuel, Chatto & Windus: We very much wanted to publish a brilliant short biography of the eccentric English cross-dresser Marion Barbara Carstairs, *The Queen of Whales Cay* (Fourth Estate) by Kate Summerscale. I would also love to have published Peter Carey's clever Dickensian novel *Jack Maggs* (Faber). The book I am most proud that we published this year is *One Day As A Tiger*, a wonderful first novel by Anne Haverly, a young Irish writer. We didn't exactly turn down Elton John's autobiography, but we are quite relieved we decided to stop bidding when the

money soared sky high. Peter Strans, Picador: I am most envious of Jim Crace's *Quarantine* (Viking), his finest novel yet, a truly brilliant book. Ian McEwan's *Enduring Love* (Cape) and Peter Carey's *Jack Maggs* (Faber) affirmed the old-fashioned view that new fiction is great and will last. From Europe *The Reader* (Faber) by Bernhard Schlink is astonishing and brilliantly translated.

I have been away for most of the year so many of Picador's books were published in my absence: including John Banville's masterpiece, *The Unfortunates*, and auspicious debuts from Mick Jackson (*The Underground Man*) and Niall Williams (*Four Letters of Love*). But maybe what has given me most pleasure was to see the first hardcover edition of a contemporary classic, Michael Hordt's *Disfranchisement*.

Jon Trewin, Weidenfeld & Nicolson: I was booked early on by Helen Fielding's newspaper column, but by then she already had a publisher for her previous book, a novel, and when approached about *Bridget Jones's Diary* (Picador) did not see why she should move. This just shows why editors need to think ahead. Go for talent every time, even if it takes a book or two to make it.

I am relieved to have turned down *The Royals* by Kitty Kelley (Warner Books), not because I believe in censorship, but because it lacks the qualities which we have learned to expect from great royal historians and biographers such as Philip Ziegler, Ben Pimlott and Elizabeth Longford.

The title on our list which I am most proud of is Bernhard Schlink's exceptional novel *The Reader*.

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## ARTS

Television in 1997 / Christopher Dunkley

## Sense and sentimentality

Judging from television, 1997 was the year when the British switched from being stiff-upper-lip toughies to being touchy-feely cry-babies. The death of Diana, Princess of Wales, on August 31, and her funeral on September 6, brought out the worst in television. For reasons best known to themselves, the broadcasters decided that the minority who chose to weep and wail outside the royal palaces were somehow representative of the huge majority who chose not to. The more television concentrated on those building the mountains of bouquets and teddy bears beside the palace railings, the more viewers decided to abandon their screens and join the throng in front of the cameras. Even at its peak this still involved only a small minority, of course, but broadcasters insisted that "the nation" all felt the same, and that Diana was "Princess of all our hearts".

Television was also the key component in an election campaign in April which was notable for an unprecedented absence of politics from the winning party. The void was filled by an outpouring of Oprah-style sentiment. For decades we had been told that, in the television age, elections were becoming merely glorified advertising campaigns in which image was all. There was never much truth in it before - in Britain, anyway - but in 1997 it finally came true. Having been told little more than "Trust us" and "It's time for a change", viewers went out and voted for Labor Lite.

By October, when the Americans began the televised trial of a teenage

British nanny named Louise Woodward, for the murder of one of her young charges, matters had moved so far, so fast, that previously serious British news programmes began reporting what the girl's grandmother felt in her bones (predictably that Louise was not guilty) as though this were news. In a sense it was, because television had, once again, whipped up a froth of touchy-feely sentiment in which relatives and villagers from near Woodward's home wept and cupped their cheeks each time the cameras were pointed at them.

Their reactions looked just as artificial as those of the winners in the television quiz *The Price Is Right* who laugh manically and punch the air with both fists because they realise it commands the attention of the cameras. UK's television coverage of the Woodward trial, with so much time devoted not to the rights and wrongs of the case but to how the girl's family and friends felt about it, was an ominous demonstration of the way that television can use a small amount of emotional histrionics to create what appears to be a major public outcry. The technique appeared to come straight from television's daytime

agony programmes, all copied from the American *Oprah Winfrey* and *Phil Donahue* shows, where expert manipulators of crowd frenzy prove how easy it is to get people weeping or protesting over any subject they choose.

Hardly surprising, then, that documentary soaps - doaps - were the growth sector of the year. From learner drivers in *Driving Test* to porters and receptionists in *Hotel* and the tourist baby-sitters in *Holiday Reps*, almost everybody seemed to be getting their 15 minutes of fame. It appears to be widely believed that these series are direct descendants of the fly-on-the-wall documentaries of the 1960s and 70s, pioneered by people such as Roger Graef and Charles Stewart who made *The Space Between Words* and *Police*.

There are fundamental differences, however. Graef and Stewart had, as their primary purpose, the serious investigation of how the various parts of society operate. The primary purpose of the doaps, on the other hand, is clearly entertainment. Their success in accumulating ratings has ensured that in 1998 there will be even more of them. In January and February alone the BBC is promising *The Cruise* (life behind the scenes on board a Caribbean cruise liner); *Superstore* (life behind the scenes at Tesco); *Doctors*

*Orders* (the life of GPs in Minehead); and *Lion Country* (life behind the scenes at Longleat). Could a doap ever go right to the top of the charts and usurp the soaps? It is not inconceivable: *Hotel* and *Holiday Reps* have been getting 8.5 to 10.5 million viewers each, compared to the 18.5 million achieved by *EastEnders* and *Coronation Street*, but the soaps have been running continuously for decades.

Finally, list of items I would happily watch again tomorrow.

1. *Brass Eye*. This series on Channel 4 in January is said to have led to the departure of chief executive, Michael Grade, and with reason. Christopher Morris created the most effective satire ever aimed at television itself. Politicians and luvvies credulously joined his spoof "campaigns", such as one against the latest drug horror, "cake". They fell over themselves to lecture us on scares that Morris had just invented. Merciless and brilliant.

2. *Breaking The Code*. BBC1 drama about mathematical genius Alan Turing who defeated the German "Enigma" encoding machine and changed the course of the second world war, but fell foul of Britain's fearful laws on homosexuality. Wonderful multi-layering in Hugh Whitmore's script. Superb performance by Derek

Jacobi as Turing.

3. *A Perfect Day*. A musical promo using everyone from David Bowie to Lesley Garrett to sing a Lou Reed number, proving that, when they put their minds to it, BBC people make better advertisements than anyone in commercial television.

4. *Fraser*. Any episode. This American sitcom about a chat show host and his aesthete brother, played by Kelsey Grammer and David Hyde Pierce, shown on BBC2, gives the lie to the fond British belief that it takes good old British knowhow to make truly sophisticated sitcoms. There are few programmes that television critics turn on unless they have to write about them. This is one.

5. *England v. The All Blacks*. In June Sky Sports showed us the All Blacks beating Argentina 93-8, so the best sporting moment of the year was half time at Twickenham on December 6 when England were leading the All Blacks 28-9.

6. *Making Masterpieces*. A packed and engrossing BBC2 series about pictures in the National Gallery presented by Neil MacGregor and produced in an exemplary way by Patricia Wheatley.

7. *Jonathan Creek*. An unusual drama series written by David (One Foot In The Grave) Renwick, and star-

ring two comedians, Alan Davies and Caroline Quentin in a series of absurdly far-fetched but immensely entertaining locked room mysteries on BBC1, intelligent and funny.

8. *The Nazis: A Warning From History*. We thought we knew all about the origins of the second world war and Laurence Rees showed, with this six part BBC2 series, that we (well some of us) knew precious little about its origins within German society. Mesmerisingly interesting.

9. *Against Nature*. Admirable campaigning series on Channel 4 which, instead of weakly swallowing each new theory of the green campaigners and regurgitating it as so many programmes on television have for 25 years, queried a long list of environmentalist shibboleths. Brave in challenging such a powerful lobby and hugely encouraging in proving that we do not have to be timid, whining pessimists.

10. *Rory Bremner*. His Channel 4 series is hugely successful partly because he is so talented but also because he works so hard every week to make it a success. Having established himself as one of the most powerful lampooners of the Conservative government there were fears that he might be emasculated by the success of *Labour Lite* at the general election. Oh we of little faith! His sipping Blair is even better than his prissy Major. And *The Two Johns* - Bird and Fortune - simply swapped labels and continued, proving that, whatever elections may do, you always end up with a bunch of politicians at Westminster.

Classical recordings in 1997

## Tuned in to innovation

The classical record industry must be looking back with mixed feelings on 1997. In private, this was a year when many in the industry have been fearful for where their company might be heading, not to mention their jobs; whereas in public, the industry has never enjoyed a brighter media profile.

The high point of the year came with the *Gramophone* awards in October. For the first time since the awards were instigated 30 years ago there was television coverage, with ITV broadcasting the awards ceremony from Alexandra Palace. Serious musicians may have complained about the dominance of a handful of stars - now that Kiri Te Kanawa has given an award to Pavarotti and Pavarotti has given an award to Roberto Alagna, who will be left for next year? - but the event has provided classical music with a major showcase in the eyes of the public. When literature has the Booker prize and pop music the BRITs, it was time for classical music to take its seat at the top table.

Unfortunately, once the television lights had faded, the outlook will have been gloomy for some. After the boom years at the end of the 1990s, it was obvious that the classical side of the industry needed restructuring, but few predicted how long it would take. The very long contracts that some artists had secured certainly slowed down the process, but the big multinational companies were slow in meeting the challenge from their smaller, cheaper competitors.

Each year one of the five major companies seems to have undergone a painful reorganisation. In 1997, it was the turn of Decca, one of Polygram's three classical companies, which embarked on a series of staff cuts and office closures. As the New Year champagne is uncorked, it will be half the size it was a year earlier. Nor have all the big-name artists survived, as Decca has been transformed into the specialist opera company envisaged in Polygram's overall strategy.

It is not the first company to face upheaval; nor will it be the last (one wonders what is in store for Deutsche Grammophon and Philips, Polygram's other two classical companies). The traditional business, which had companies signing up grand old conductors to record the Beethoven symphonies, looks to have gone for good. The death in September of Georg Solti, the last maestro of his generation, marked the passing of an era.

The future lies with innovation - fresh ideas, new music, engaging personalities. Singers continue to

do well in this fast-moving marketplace. Angela Gheorghiu and Roberto Alagna bolstered their position as opera's favourite young couple by winning the *Gramophone* "Record of the Year" award for their recording of Puccini's rarely heard *La rondine* on EMI. Decca has renewed its contract with Cecilia Bartoli for a further five years and on Erato, a Warner Classics company, is looking for success with the tenor José Cura and BMG with the mezzo Vesselina Kasarova.

Where a conductor does have a strong reason for recording the core repertoire, there are of course still traditional symphonic recordings being made. Colin Davis's cycle of the Sibelius symphonies with the London Symphony Orchestra, heard live at the Barbican before Christmas, is one example. Otherwise, conductors who have made their name in the "authentic" movement continue to advance into the mainstream: this year has seen recordings of Beethoven symphonies from Jordi Savall, Bruckner from Roger Norrington, and a Brahms symphony cycle from Nikolaus Harnoncourt.

If there is one thing that gives confidence in the future, it is the industry's remarkable capacity to search out novelty. New music flourishes as never before: young composers like Thomas Adès, Mark-Anthony Turnage and Michael Turner have featured alongside important releases from Gruber, Bryars, Adams, Rouse, Ligeti and Takemitsu. We have had first recordings of Tan Dun's *Morco Polo*, Birtwistle's *Mask of Orpheus* and Gerhard's *The Duenna*, not to mention the little-known original versions of Verdi's *La forza del destino* and Strauss's *Ariadne auf Naxos*. All the consumer sees when he enters a record shop is a bewildering range and supply of quality goods - the apparent sign of an industry in the best of health.

Finally, it is impossible to look back over 1997 without noting the centenary of EMI, the world's oldest record company. One hundred years of recording has endowed EMI's archives with a unique legacy. The complete recordings of Maria Callas, re-released in splendidly refurbished sound to mark the centenary, are just one example. The celebrations lasted the whole year, culminating in the premiere of Paul McCartney's symphonic *Standing Stone*. Will that, I wonder, still be in the record catalogues in 100 years' time?

Richard Fairman



Opera's favourite young couple: Angela Gheorghiu and Roberto Alagna, winners of the Gramophone 'Record of the Year'

Radio/Martin Hoyle

## Joseph, Pickwick and pig's cheek

Christmas, as we constantly assure ourselves, is for the children. If it weren't for the kids would we bother? At least, such is the official sceptical adult line. Given the current controversy over Slasher Boyle, the Radio 4 controller, killing off his channel's children's broadcasting, it was tactless, to say the least, to choose Christmas Day to launch a two-part tribute to the glories of children's broadcasting. Not radio broadcasting, of course, but television. And not even new programmes: a few smug self-plaudits from *Trumpet Rides Again* and I was overwhelmed by a sense of *deja vu*. Sure enough, *Radio Times* confirmed it was a repeat, though the press preview tapes had omitted this vital fact. Are the Armani-suited accountants who guide the BBC utterly devoid of intelligence and sensitivity? Answers on the back of a postage stamp.

Christmas Day radio was patchy. Mark Tully ruminated about the fluctuating fortunes of Joseph, husband of Mary, a dithering buffoon according to medieval miracle plays, "a secretary character" for a Flemish Renaissance painter in the National Gallery, and rehabilitated by the Catholic church - Pius XII moved his feast to May 1 when as "St Joseph the Worker" he could counter menacing fetters - rather like another May Day celebrant, St Tony the New Labourer. The mass of people have remained sceptical about this new image (I refer to Joseph, of course). At least *Joseph: the Forgotten Father* acknowledged the reason for

Christmas, not merely a knee-jerk from light entertainment, a repeat, or a compilation shored up from the archives.

The self-congratulatory tone common to both St Blair and St Birt could be detected in *An Artist in Sound*, an anthology from the programmes made by Piers Plowright, with autobiographical insights into Piers Plowright's career, presented by Piers Plowright. He is in fact a gifted producer, his ear for quirky voices, opinions and memories is made for radio, whether deployed with 80-year-old grandees at disco classes, a silent cinema pianist recalling accessories like the thunder sheet and little organ for wed-

ding scenes, or the staff and clientele of a Philadelphia Jewish deli. As narrator, Plowright himself is a natural broadcaster. I hope the powers that be took note of his formative memories: *Children's Hour*, *Dick Barton*, *Saturday Night Theatre* (no television). In case this strikes the Armani-disciples as too precious, he also directed the BBC soap *Waggoner's Walk*, which reached twice the listening figures of *The Archers*.

I found myself laughing out loud at *The Pickwick Papers*. Sue Wilson's production of Martin Read's adaptation opted for a fizzy, whizz-bang approach, punctuated by music

and replete with funny sound effects, the radio equivalent of an animated cartoon. It worked, thanks not least to a cast who sounded as if they were enjoying themselves while never dropping the high style, just this side of the grotesque, which Dickens' capering frolic demands.

This was *Men Behaving Badly*, 1827 style, glimpses of a well-fed bucolic rustic long before H.E. Bates. Clive Francis, surely the only actor to have played both

Joe Orton's Mr Sloane and Dickens' Mr Pickwick (in different media), soon dispelled initial reservations about his dryly academic tone. But then he was, like many Pickwicks, slightly upstaged by a wonderful sup-

porting cast, notably Michael Cochrane's irrepressible con-man thespian, Jingle.

The best Boxing Day treat was *On Your Farm*, as may come as no surprise to those who have cottoned on to this programme's wide scope. Oliver Walston breakfasted on pig's cheek and wine with the Contessa Ponticelli in the Maremma, from whose coastline you can see Corsica.

The Contessa, who lives in a tower alone with her dogs, helped her family hide Jews and anti-fascists in the war when the unwitting Germans nicknamed her "the Valkyrie" as she galloped the countryside on horseback. "It was just like playing

hide and seek. Now when I think of it... They would have killed me at once." Half her estates are marsh (the trencherman Walston spotted samphire) and forest; she had to give up the sunflower crops as they were trampled on by wild boars which she is not allowed to kill. The area is a national park; "I can hardly kill mosquitoes," she snorted in a gravelly, said-it-all voice that evoked a world-weary Fellini aristocrat.

The Contessa has won numerous conservation awards "then they kick me in the ass... but I'm kicking them back." She is not referring to livestock. The authorities have appropriated some of her land and put an open sewer in the farm. "Can you imagine a national park with shit in the middle?" she demanded laughingly. As the blushing Walston returned to his pig's cheek, if Christmas was a disappointment, Boxing Day was fine.

At the Young Vic, London SE1, until January 31 (0171-928-6363).

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## ARTS

# When the gavel hits the spot

Susan Moore asks saleroom experts about future trends

**T**his past year has seen some spectacular successes in the salerooms – and some spectacular failures. The sale of the Ganz Collection, billed as “the most important collection of 20th century art ever to come to auction” at Christie’s in New York in November, for instance, realised \$206.5m (£122m), the highest ever auction total for a single-owner sale. In contrast, the world’s greatest private collection of medieval Limoges enamels expected to fetch over \$25m at Sotheby’s, New York 10 days later, remained substantially unsold, raising just over \$3.5m.

New York may have taken more and more of the global art market share this year at the expense of London (art imports into the UK have fallen by 40 per cent since EU harmonisation forced the introduction of an import VAT) but it seems clear that the US is still not the best place to sell all kinds of works of art. As to future trends in collecting, I canvassed some experts.

“There is a perception that the market is stronger, which is enticing more things on to the market,” says Alex Apsis, head of Sotheby’s Impressionist and Modern art department in New York. He also sees an ever-increasing gap in price between a good work of art and an exceptional one. More people, he believes, would prefer to buy a great painting by a lesser artist than a bad example by a great name. “Gone are the days when people would buy an

stochastic Renoir just because it was a Renoir.”

In terms of taste, “the most expensive and desirable Monets were traditionally the pure Impressionist works of the 1870s. It is interesting to see how late Monet is now becoming more highly esteemed – due to greater interest in contemporary art and the rapport that exists between late Monet and the Abstract Expressionists.” Apsis also believes certain other areas have become more popular over the last few years, notably German Expressionism.

**L**astly, the buyers. According to Apsis, “up until very recently, the Japanese were the only Asians who had any interest in Impressionist or 20th-century western art – they were the big buyers of the late 1980s. But over the last few years the growth market has been in Korea, Taiwan, Singapore, Indonesia and the Philippines.”

“Old Master picture collecting is all very predictable,” explains London dealer Simon Dickinson, who claims to have had his best ever year by a long way. “The crucial thing is to get the right people through your door: Old Masters look cheap to Impressionist and Modern collectors.” Says Dickinson: “Canalero and Guardi are still as popular as ever, as are good 17th-century Dutch pictures. The Italian Baroque, however, is no longer in favour, unless the piece is exceptional. It is easiest to sell the

very best and the decorative.”

“This year we have also seen quite a lot of new collectors who have made money in various parts of the world – even some quite good English collectors. On the whole they like easy subjects; there are now few real collectors in the old-fashioned sense who like to buy interesting pictures.” There has also been less American museum buying. “I think their museums are simply getting full.”

London based Johnny Van Haeften, who specialises in Dutch and Flemish paintings, agrees that “people are preferring to pay a bit more to get the best”. He notes, too, that portraits and genre scenes, long the poor relations of landscapes and still lifes, are beginning to generate interest, “not least because they look like bargains.” He is also seeing a lot of old American clients returning to the marketplace.

“The good prices for English furniture are English-driven,” says Robert Copley of Christie’s in London. “What a home market means is that quite traditional and conservative pieces of English furniture – walnut and carved mahogany – are doing well. Gone is the taste for flash Regency pieces.”

A dissenting voice, on one point at least, belongs to Giuseppe Eskenazi, London’s pre-eminent dealer in Chinese works of art. “People have been saying for a long time that it is easy to sell a top-quality piece. It is a fallacy. We have sold every major piece we have had but it has taken



The must-have of the year has been a tiara – ‘the essential equipment for paper-thin nymphettes’: here Queen Victoria wears one in Winterhalter’s painting ‘The First of May’, 1851. From ‘The Queen’s Jewels: The Personal Collection of Elizabeth II’ by Leslie Field (Harry N. Abrams, \$36.95)

time, however rich people are. In terms of trends, we have seen an increased interest in sculpture, but this may well be a flash in the pan as so many people come in and out of the market.”

According to Geoffrey Munn of antique jewellery dealers Wart-

ski, the must-have of the year has been a tiara – thanks to Versace, Galliano and Madonna. “It is very much essential equipment for the paper-thin nymphettes,” he assures me. Munn describes them as the “country-bosses of jewellery – rather costly, obso-

lete items that tended to be brought up for their intrinsic value”, and there is still a premium paid for tiaras that also convert into necklaces, bracelets and brooches.

“Antique gem-set jewellery represents astonishingly good value

– modern craftsmanship is rippling expensive, and old stones are softer and more romantic”, says Munn. “There is also a surprisingly large number of people, many of whom are men, collecting art jewellery by distinguished designers.”

Pop in 1997/Peter Aspdon

## Angst back in fashion

**I**t is surely a reflection of a far-from-vintage year for pop music that some of 1997’s most polished products were manufactured with loving care by figures who were considerably closer to the receipt of their pension books than the genesis of their rock dreams.

Oldest and grizzliest of them all was Bob Dylan, whose desolate *Time Out of Mind*, his first album of new material for seven years, sounded as if he meant it. Recorded before his well-publicised health problems, here was nevertheless the tortured soul into which he would evolve, his anguish given a gorgeous, warm southern sheen by Daniel Lanois’s production. But the sadness suited Dylan. Nothing, as Paul McCartney proved with his bland *Flaming Pie*, is so tedious as a middle-aged popster sounding at one with the world.

Ry Cooder went back to what he knows best: his *Bueno Vista Social Club*, recorded in Havana with a clutch of Cuba’s finest musicians, was graceful, easy, mellow music, recorded with scrupulous attention to detail and much love (a special mention for the evocative sleeve and exemplary CD booklet from the World Circuit label) – a fine package all round.

By contrast, another of the over-50s club, David Bowie played tense and edgy to Cooder’s laid back and funky. *Earthling* was inspired by the drum’n’bass sound which has become a staple of the British dance scene; but what joy to see it manipulated with such expertise by an old master.

Bowie (remember *Low*, *Sonnet* to *Sixteen*) understands more about the interplay between rhythm, lyrics and melody than many a young pretender; if I were in Prodigy or The Chemical Brothers, I would be listening very closely. Both *The Fat of the Land* and *Dig Your Own Hole* were strong on aggression and aural attack, but lacked the variety and subtlety to last beyond 20-odd interesting minutes. That is always assuming you could get past Prodigy’s opening “Smack My Bitch Up”, an odious title for a song, whatever it is about.

After the snappy optimism of Britpop’s finest moments, it was salutary to see angst come back in to fashion, most effectively in Radiohead’s *OK Computer*. Here was a carefully-conceived, justifiably praised work, full of clever things but ultimately a little too maudlin for its own good. There were worrying signs of self-indulgence in this trend towards

introspection, as a cursory listen to Depeche Mode’s *Ultra* proved, but Radiohead seem better equipped than most to deal with the dangers.

Otherwise, most British bands were in treading-water mode. Most disappointing of all were Oasis, whose *Be Here Now*, a derivative mix of terrace anthems and seventies stompers, capped with the dreadful “All Around the World”, gets worse with every listen. Supergrass’s *Hi Fi For The Money*, Portishead’s eponymous follow-up to *Dummy*, Prefab Sprout’s drippy *Andromeda Heights* had their moments, but failed to surprise.

Interestingly, Oasis’s one-time rivals Blur, having been blown away in the media-generated Battle of the Bands of a couple of years ago, have regrouped and emerged ahead of the game. *Blur* was a confident statement of a group going its own way: from the American-influenced grunge textures of “Song 2” to the plaintive, Hunky Doryesque “Strange News From Another Star”, here was variety, melodic inventiveness and a more restrained humour.

The Verve’s *Urban Hymns* made the mistake of kicking off with the group’s strongest song, “Bitter Sweet Symphony”, a reminder of what five minutes-plus of a strong riff can do. Thereafter, things went downhill, especially with the landably-intentioned but flabby “The Drugs Don’t Work”. There was plenty of promise there, but the album’s length, at 76 minutes, made its highlights hard to pick out. A clear case of being generous to a fault. Oz’s *Pop* was another album supported by a strong single (“Discotheque”) but which ultimately disappointed.

A surprise, and welcome, winner of the Mercury Prize was Roni Size Reprazent with *New Forms*, a title which was a throwback to the days when the great jazz masters advertised their musical innovation as they went along (*Birth of the Cool* etc). This was no coincidence: Size and his Bristol-based collective managed to blend drum’n’bass with long, improvisatory stretches of jazz, reggae and hip-hop to unique effect. Here at last was music with space in it, unafraid to experiment. It was to the Mercury jury’s credit that they preferred *New Forms* to the only album to run it close, *OK Computer*, a strong signal that musical ambition would receive its just reward in a world fuelled by hype and outrageously inflated claims on behalf of mediocrities.

The most fun album of the



Radiohead: the group’s ‘OK Computer’ leads the vogue for introspection

year was Cornershop’s *When I Was Born for the 7th Time*, a beguiling mix of Indian and trip-hop music which was the nearest thing Britain has come to the increasingly influential Beck. I defy anyone not to smile at the album’s closing

“Norwegian Wood” in Punjabi, a post-colonial chickens coming home to roost if ever there was one.

Finally, as the multiple-CD box set becomes an (expensive) fact of life for the ever-growing army of nostalgists and completists, a special

word for The Beach Boys’ 4-CD *The Pet Sounds Sessions*, an over-the-top but genuinely fascinating dissection of the making of a modern masterpiece. Good vibrations continuing to do their business in a variable year for pop.

Theatre/Sarah Hemming

## From misfortune to fortune and back

**I**f Charles Dickens were alive today he would surely enjoy the irony surrounding Greenwich Theatre’s new staging of his novel *David Copperfield*. For while just down the road, the Millennium Dome is being constructed at a cost of £800m, the residents of Greenwich will be lucky if they still have a theatre by the year 2000, because the London Arts Board is withdrawing its £210,000 grant. If the theatre goes, or even the company, it will be a genuine loss to the borough and to London. Under Matthew Francis’s direction it has maintained an imaginative programme, enticing staff to take juicy roles in the classics and mounting ambitious plays and adaptations.

The Christmas show is no exception. Last year we had *Huckleberry Finn*, this year *David Copperfield* – scarcely a lazy choice. And Francis’s inspired adaptation and energetic direction brings Dickens’ teeming novel to stage life. Francis shrewdly splits the voice of this most autobiographical of the novelist’s work between the young David (Paul Bailey) and his older self (Damien Matthews). Together they tumble through the action, taking it in turns to be at the centre, or to watch anxiously from the sidelines.

Sometimes they share monologues, sometimes one interrogates the other: “how did I think of her?” How did I remember her?” he urges. This is an effective and quick way of getting feelings across, it also suggests the hurly burly of emotions, events and memories that crowd in on the young David and reminds us how vividly Dickens painted the boy’s experiences.

**A**round him, Francis and the cast embrace Dickens’ expansive imaginary world with relish. Les Brotherston’s dark wooden set is crammed with paraphernalia and offers full playing spaces connected by creaky stairways. This means that the production keeps on the move and we can be whisked from the debtors’ prison, to Steerforth’s grand house in Highgate, to the Peggotty’s boat in Yarmouth in an instant. Characters suddenly pop up out of corners or loom unexpectedly on the stairs, which is especially effective in the first half when David, as a boy, is constantly tossed from misfortune to fortune and back, at the mercy of a bewildering array of eccentric adults.

The staging catches very well that sense of the peril-

ous vulnerability of the child’s life. The inventive and hard working cast play with great relish, pouring themselves into Dickens’ collection of oddballs and grotesques, and canny doubling (such as the sweet-faced Gemma Page playing both David’s childlike mother and his babyish wife Dora) brings out the themes of the play.

Des McAleer was surely born to play the genial windbag, Mr Micawber, while Peter-Hugo Daly’s ‘umblie Uriah Heep is so creepily unctuous that one expects to see a trail behind him whenever he leaves the stage. Lovely canoes, too, from Miranda Kingsley as Peggotty, Eleanor Tremain as the devoted Agnes, and Brian Poyser as Aunt Betsey’s blinking, barmy lodger, Mr Dick.

The production is best during David’s childhood. In the second half, the task of keeping the endless characters and twists of fate alive begins to tell. But this is an ingenious staging, full of humour and tenderness, that leaves young David on the threshold of security and happiness. If only one could say the same for the theatre.

Continues until January 24 at Greenwich Theatre, London SE10 (0181 858 7755).

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## SPORT



Instinctive gaze of the champion who could not bear to lose - Michael Schumacher casts an envious eye over the greatest sporting moments of 1997: Jeremy Goscott's athleticism, transforming the last day of the Five Nations; Mike Mussina's memorable pitching, highlight of a sub-per season; Martina Hingis's ruthless aggression to become youngest-ever No 1; Tiger Woods's youthful charisma, leading 'generation next'; Paul Scholes's ebullience against the Italians, a turning point for both nations

# Memories are made of this

The youngest No 1 tennis champion, the magnificence of the All-Blacks, England's win over Italy... that was 1997. But will horse-racing survive into the next century?

## Football

Peter Aspden

Despite its billing as a dress rehearsal for this year's World Cup, the Tournoi de France, a four-way international tournament between England, Brazil, France and Italy, was widely derided as a meaningless coda to the exertions of last season. But the very fact that all four teams realistically hoped to win the game's ultimate prize gave the tournament a compelling edge.

This was nowhere better seen than in England's opening game against Italy, seen as a chance to inflict a psychological blow in anticipation of the World Cup quarter-final between the two countries four months later.

On paper, Italy looked the stronger side. England coach Glenn Hoddle took the chance to look at some of his younger players: Phil Neville, Paul Scholes, David Beckham in central midfield. But surely Italian wiles would once more carry the day - England had lost to Italy at Wembley, and Manchester United had twice been humbled by a thrilling Juventus side.

But it was the Italians who were caught cold - first when Scholes, making his first full appearance, flung a perfect pass for Ian Wright to finish with customary confidence, then when Wright returned the favour for Scholes to lash home a left-footed volley past Angelo Peruzzi.

That match-sealing second goal, ebullient as it was technically, was to prove an important turning point in Anglo-Italian relations.

This season, both England and Manchester United have outperformed Italian sides; there is now no gap in expertise, no gulf in quality.

There were wider implications too: England's ostracism from "sophisticated" European football was ended; Italy's supreme self-confidence as the world's premier footballing power was badly dented. And by the way, Scholes has developed into one of the most exciting international prospects in Europe. All in all, quite a goal.

## Horse racing

Michael Thompson-Noel

Every year, horse racing produces numerous thrilling high-race finishes. In 1997, one of the most memorable victories anywhere was the short-head win by Benny The Dip, a truly tough customer, in the English Derby at Epsom. At the end of the season, Benny The Dip was flown back to Kentucky, from where he originated, for a life at stud that will be full, no doubt, of magical moments.

Yet the highlight of the international racing season came late in the year, on December 9, when Sheikh Mohammed bin Rashid al-Maktoum, of Dubai, said he and his horse-mad brothers were losing patience with the low - call it derisory - prize money on offer in Britain, where many of their horses are stationed.

The Maktoums own hundreds of racehorses. There is the biggest racing empire ever assembled. The cost: unknown billions.

Not surprisingly, Sheikh Mohammed is critical of the way Britain, alone among horse racing countries, allows bookmakers to siphon grand sums out of racing each year. He is equally critical of Treasury greed; arguably, the rate of tax levied on betting is still too high. Punters are being fleeced.

The Maktoums will scale down their UK operation unless they feel confident that higher prize money is on the way. But UK racing is so badly managed, and UK gambling legislation in such a state of disrepair, that the signs are not good.

More important, if unwittingly, the Maktoums have called into question global horse racing's chances of survival. Everywhere, racing depends on fat subsidies from gambling. As a result, racing is the most precariously uneconomic big-time sport on earth.

Gambling-wise, horse racing panders to those who like their betting thrills at 30-minute intervals. However, next century, special laboratory-bred creatures may well be produced for gamblers to bet on. When that happens, race horses will become obsolete. Unless it can be warded from its over-dependence on subsidy, horse racing is in big trouble.

## Rugby

Huw Richards

Rugby union's funniest moment, for those with any sense of irony, found Saracens and Harlequins complaining about inflated player salaries. Its best matches saw the magnificent All Blacks, whose sheer resilience was the least remarked aspect of their greatness, forced to come from way behind by opponents - South Africa at Johannesburg in July, England at Twickenham in December - inspired rather than intimidated by the task before them.

But the game's Man of 1997 was Jeremy Goscott, and not just for the series-winning drop-goal for the British Lions at Durban. For most of the year he was the man who wasn't there - unwanted by England in the spring, injured in the autumn. England played 830 minutes of Test rugby in 1997, of which Goscott managed 43 minutes - less than 5 per cent.

Regular readers may have divined that I am happier when Wales are scoring rather than conceding tries. But Goscott at Cardiff, on the last day of the Five Nations, transcended national chauvinism.

The first half, and both teams, had been tight, fitful and frankly mediocre. Goscott's arrival brought a transformation.

His ability to change pace and direction, the combination of innate spatial awareness and athleticism that spots minimal gaps and goes through them and is denied to all but the most subtly gifted, created tries for Stimpson and Hill. Only an ankle tap by Jonathan Davies, once capable of comparable deeds but reduced on his last Test appearance to the roles of valiant defender and admiring onlooker, stopped Goscott scoring.

If your team has to lose, let it be like this, mesmerised and beguiled by what makes rugby worth watching, not pulped by tactics that make you wonder whether it is. And, under Clive Woodward, England may at last play the game to make the best of Goscott. No matter that he's 32. If he's good enough - and no doubt of that - he's young enough.

## American football

Jurek Martin

American football is not for pacifists. Very large men, with very hard helmets, are likely to inflict physical damage on those they would block, tackle or otherwise lay low. So it is not surprising that injuries have been the leit-motif of the last year on the grid-iron.

Most unfortunately, a busted knee in the first quarter of the season's opening match deprived the game of the previously indestructible Jerry Rice of the San Francisco 49ers, the greatest of pass-catchers. (He came back, incredibly, for the 16th game of the season but damaged it again catching a touchdown pass.) Only minutes later in that first game, Steve Young, his fine quarterback, suffered his umpteenth concussion.

Quarterbacks have sometimes seemed an endangered species, though not sturdy Brett Favre of the champion Green Bay Packers.

Poor Gus Frerotte of the Washington Redskins even did himself in by headbutting the stadium wall in celebration of a touchdown. He missed the second half with a sprained neck and the very next week had his hip broken in a tackle - but still completed the game.

Sometimes, the effect of injuries is cumulative. Young recovered to lead the 49ers to another fine year, although his admirers believe the next bang to the head should induce him to retire. Emmitt Smith, the marvellous Dallas running back, has clearly been slowed by his long collection of aches and pains, while Jay Novacek, the invaluable tight end, had to quit on doctor's orders. It is no wonder that the Cowboys are in decline.

There are also incapacitating dirty fouls. With so much mayhem going on, this is difficult for the referees to catch, but the late Dallas hit that broke the elbow of Leslie Shepherd, the Redskins receiver, looked singularly egregious in the TV replays - although it went unpunished on the field. There is talk of introducing a yellow card or "points" system for persistent offenders.

## Athletics

Pat Butcher

Far from the delirium which attended the six world records made in 12 days by Kenyan athletes this summer, in a quiet room in rural Kenya, I met a man who had a seminal role in creating those records. Colm O'Connell, a Patrician brother from Cork in Ireland, had gone to teach at St Patrick's High School

in Iken in 1976, and got pre-ganged by a colleague into helping coach young runners.

When the colleague moved on, Brother Colm, as he is universally known, was left holding the stop watch. First, he took a correspondence course in coaching, then when St Patrick's, which was exclusively for boys, frowned on him coaching young girls too, he moved to a Teachers' Training College nearby. Twenty years later, not only is he responsible for introducing half a dozen Olympic champions and world record holders to the sport, he is virtually single-handedly ensuring the success.

The rose garden at St Patrick's grew out of an idea to mark his first successes nearly 15 years ago. He gave me a tour of the bushes, with their hand-painted dedications. "Charles and Kip Cheruiyot, junior world record breakers in the 1,500 and 5,000 metres, 1983; Peter Rono, Olympic 1,500 champion, 1988; Jonah Birir, Olympic steeplechase champion, 1992; Wilson Kipketer, 1995 world 800 metres champion - of course, I've got a few things to add there..." He could also have added Moses Kiptanui, Daniel Komen, Sally Barsosio, and many others.

At a training session, I was surprised to hear him ask the kids what they wanted to do that day. "I learned how to coach by listening to the kids, then telling me how they felt. Now I just give them the outline, tell them what I learned from their predecessors. The rest is up to them."

That is real teaching, not just helping them to run well, but how to take charge of their lives. You can't get much better than that.

## Golf

Derek Lawrenson

A year of bountiful riches: a memorable Ryder Cup, the heat US Open in a decade, and a victory for tiny Allison Nicholas over the behemoth Nancy Lopez in a captivating duel for the leading women's prize.

Most of all, however, the year was made epochal by the performance of the game's so-called "generation next", who swept aside the established order. Their totem, of course, was the extraordinary Tiger Woods.

Yes, his year tailed off and from July to December he was reassuringly mortal. But for six months he held not only his sport in thrall, but his country as well and nothing that happened in golf in 1997 really compares with four astonishing days in April when he claimed his first major championship at his first attempt as a professional.

People don't win the Masters at the age of 21, we poo-pooed in advance. When he took 40 to reach the turn on the first day, we smiled wisely. What happened next, though, emphasised that in Woods the game has a master who makes his own rules.

Having given the field a four shot headstart, such was the quality of his golf from then on that he was lapping everyone by round four, and would eventually win by 12 shots. What is more, he

lowered Jack Nicklaus's record 72 hole score of 271, set in 1965, by a stroke.

Across a nation, a new audience tuned in to a new sport. The following week, it is estimated that 2m young people in the US, spread broadly across all races and creeds, tried golf for the first time.

The fact that their curiosity had been stirred by events at Augusta, once a bastion of middle-aged white supremacy, added a richly satisfying element of symbolism.

## Baseball

Jurek Martin

Inevitably, the defining moment of the baseball season did not happen on the field of play. It was the midsummer announcement that agreement in principle had been reached for the O'Malley family to sell the Los Angeles Dodgers, whom they had shipped from Brooklyn 40 years earlier, to the Fox Group, which is controlled by Rupert Murdoch.

The deal must still be approved by baseball's other 29 team owners, some of whom, like Ted Turner of CNN and the Atlanta Braves, are not exactly fans of the international media baron. But the current betting is that enough of these illustrious ostriches will not lift their heads from the sands.

If they did, they would surely conclude that the sport with Murdoch will never be the same again, particularly since he is out of their league as an operator of businesses. At one level, it may run to even higher player pay, topless female umpires, hingo between innings and Ben Skypson replacing the literate Vin Scully as Dodgers broadcaster.

At the other, it must mean more and more baseball on pay-per-view television, as has happened with British soccer and Australian rugby league, and even less revenue sharing between the rich and poor sides, because Murdoch is not a philanthropist.

On the field, a sub-par season was most memorable for the pitching of Mike Mussina of the Baltimore Orioles in the playoffs. The first baseball game I ever saw - on television in 1968 while stranded at Sacramento airport - featured the great Sandy Koufax of the Dodgers moving down the New York Yankees. Suffice it to say that Mussina (29 innings, 42 strikeouts, only 11 hits in four games) was in that spine-tingling, take-me-out-to-the-old-hall-game league.

## Motor racing

John Griffiths

There's no other choice, is there? Lap 48, European Grand Prix, Jerez, 1997's final race; the world championship at stake, and the tight Dry Sack right-hander loomed...

Michael Schumacher, his Ferrari's mirrors full of the Williams of a Jacques Villeneuve needing just one point for the title, did not expect the Canadian's breathtaking lunge to claim the lead.

He turned in as if Villeneuve did not exist. And when they hit, as would be shown by the Gatsco camera on his Ferrari, he turned in - hard - again.

The result was Schumacher himself stuck in the gravel trap. Villeneuve romping off to become world champion. But even Schuey knew it was for the best. Had Villeneuve been sidelined and Schumacher continued, the German inevitably, and rightly, would have been stripped of the title.

Max Mosley, president of motor sport's governing body, the Fédération Internationale de l'Automobile, justified the subsequent inquiry's leniency - cancelling Schumacher's 1997 points - on the grounds that Schumacher's action had been deliberate, but instinctive not premeditated.

The assessment was self-serving to Formula One, allowing Schumacher to race next year and keep up TV audiences. But it was also defensible, despite media outrage and the predictable ploy of other drivers claiming they would do no such thing.

Motor racing has become safer over the years but is still a potentially lethal sport for all that its ongoing fatalities - the most recent at Britain's Oulton Park only last month - go unremarked by the national press.

The risks, shoved to the back of the mind, nevertheless sharply heightened tension and the aggression already inherent in all Formula One drivers' will to win. Schumacher, given a millisecond to react, did so vehemently and in a manner eternally to his discredit but it was instinctive nonetheless.

The irony, for Schumacher and an audience robbed of a fair fight to the finish, is that premeditation would have led him to let Villeneuve through. For such a collision, with so much at stake, would always have been impossible for Schumacher to explain away.

## Cricket

Teresa Maclean

It is a rare pleasure to find a moment of nobility in cricket. I have no hesitation in declaring my moment of the year to be the one I witnessed in the NatWest quarter-finals between Nottinghamshire and Essex at Trent Bridge. Nottinghamshire's captain, Paul Johnson, scored 106, despite an injured finger, to lead his county splendidly to 288 for 5 in their 50 overs.

This season's new Trent Bridge groundsman, Steve Birks, was producing livelier pitches than the "batlles" of the year before, making bowling more dangerous to face and finger injuries such as Johnson's more common among batsmen.

But Johnson's honesty about a marginal falling he made in the field was not common. It earned him a spontaneous round of applause from the crowd, who were not used to seeing such behaviour, and it should, in my opinion, also have earned him the Man of the Match award, which was given to the match-winning Nasser Hussain. Fielders, like batsmen, had to

cope with lively bounces and as a fielder Hussain managed a direct hit run-out to offset the three catches he missed. He then top-scored for Essex, with 89, helping them to 289 for 7 in 58.2 overs, victory by 3 wickets. This was thanks to Johnson's admission to the umpires that he had not clearly held his early catch of Hussain; the ball was just touching the ground as he took it. So Hussain batted on.

You could view this as an easy way to lose the match and with it any chance of the NatWest Trophy. I prefer to view it as a rare example of cricketing nobility.

## Tennis

John Barrett

It is a little after 1.45pm on Saturday, March 29. The south Florida air is heavy with humidity. Many of the 14,000 spectators, suitably protected with sunscreen and headgear, are fanning themselves as they watch the two energetic figures dashing about the centre court at Crandon Park.

All are conscious of the historic nature of this Lipton final in Key Biscayne.

If Martina Hingis, already the Australian Open champion and riding a winning streak of five tournaments and 28 matches, beats Monica Seles this afternoon, she will become, at 16½, the youngest player ever to be ranked No 1 in the world.

The pain on Seles's sweat-streaked face is all too apparent as she lunges helplessly at the balls that fly past her outstretched racket. The first set is already lost; eight games of ruthless, early-ball aggression from the tearaway teenager.

One can only guess at the thoughts racing through Seles's mind as she fights for survival. Perhaps she remembers that moment on March 11 1991 when, aged 17 years, three months and nine days, she had overtaken Steffi Graf to become the youngest world No 1.

In those days, she was the one whose rasping two-wisted drives, taken on the rise and accompanied by an audible grunt, swept aside all opposition.

The eighth Grand Slam title she won in January 1993, a magnificent three-set battle against Graf in Melbourne, had set her on course to become the greatest woman player of all time.

On April 30 that year in Hamburg, Gunther Parche had ended all hope of that. Perhaps, as Hingis hits the winning shot to complete her 6-2 6-1 victory, Seles feels again the sharp stab of Parche's wicked blade. Quelling the pain of defeat, she graciously acknowledges the enormous potential in her young conqueror.

It is a defining moment. In the months ahead, Hingis will exceed even the wildest predictions, despite a riding accident that will require knee surgery and keep her off court for five weeks. By the year's end, now 17 and the owner of three Grand Slam crowns, she will have set new standards of achievement for young players that would have seemed impossible even two years ago.

John Barrett

# How to Spend It

## The monster that loves to go shopping

A vacant stare, flying elbows... sounds like the seasonal grip of sales fever, says Brenda Polan

Everybody loves a sale. It's not exactly something for nothing, but it feels like it. Shopping for a bargain is like stealing a march, winning a round in the tournament of life. It makes you feel clever.

Then there's the catch. The truth is that a sale turns many sane, rational and financially cautious people into idiots. I know. I am that idiot.

Even my worst enemy would concede that I am essentially sensible, placid and uncompetitive. But place me in a sale and a somnolent monster of acquisitiveness wakes in some corner of my soul and, with a lash of its barbed tail, takes over. Elbows out, I pass, glassy-eyed, into what a friend long ago named the "madness not to" state.

You know, if the scarlet satin stilettoes you couldn't afford and have no use for but nevertheless crave are suddenly half price, well, madness not to. If a cashmere shawl was £800 and is now £350, madness not to have two of them. Most of all, if another shopper wants

to know if you're having that reduced marabou scarf you're dithering over because, if not, she wants it, then it's madness not to claim it - a victor's trophy - for your own.

Competition is at the root of sales fever. Retailers

**A sale turns rational and cautious people into idiots... I know. I am that idiot**

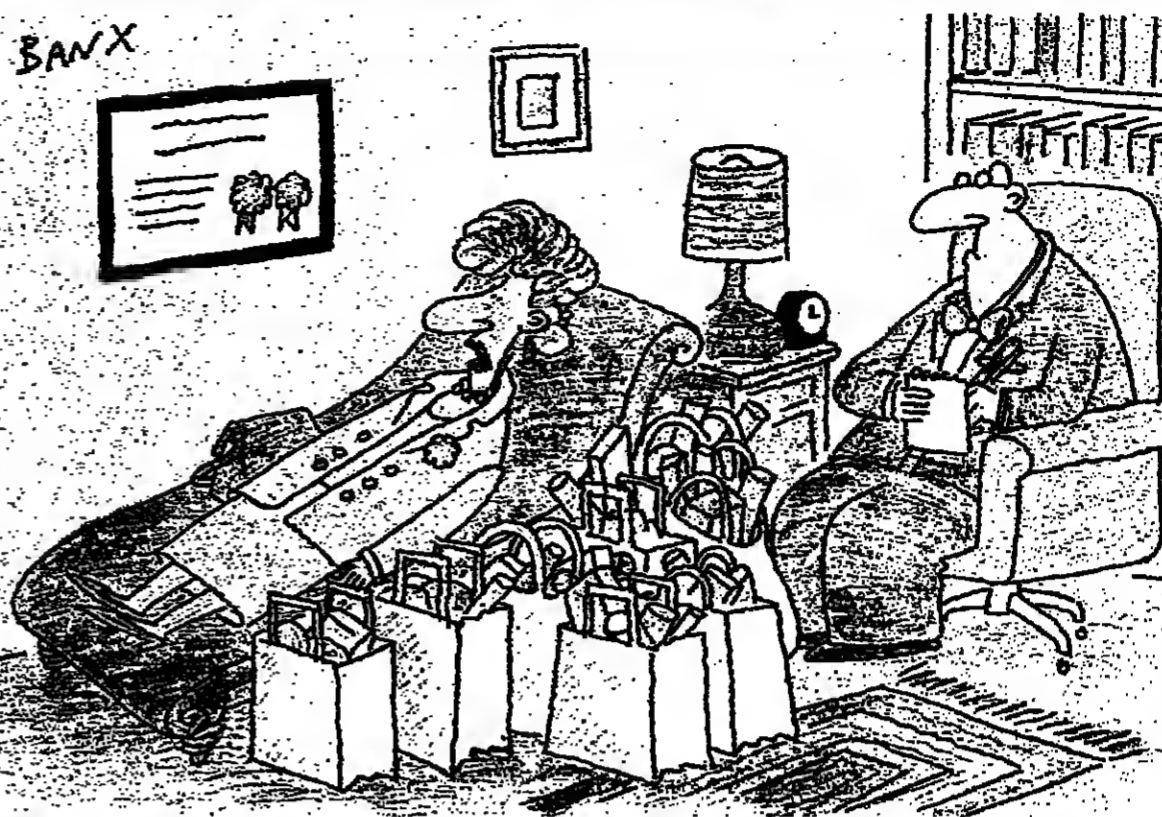
know this. The advantage the bargain-hunter seeks is not just over the retailer; it is over other bargain-hunters. It's an atavistic instinct which, one could argue, is best exercised in Oxford Street for fear it could find its outlet in less harmless areas of life.

As we meet up with our friends for a stiff gin at the

end of a day shopping the sales and produce our trophies, boast of the reductions and describe the crush, the desperate grabbing, how someone else very nearly carried off the object of our desire, we are back in the cave displaying our scars and telling tall tales around the fire.

If it were not for the competitive element, the biannual sales would be sedate affairs patronised by calm people buying only what they need. Retailers know this is not the way of it and stake up the combative spirit with seductive advertisements, encouraging contenders to queue overnight on the pavement.

Retailers would deny that the punters' hysteria is either deliberately provoked or a source of amusement. A Jermyn Street gentlemen's outfitters is famous for the early morning champagne breakfasts it dispenses before the doors open - a brilliant opportunity for a photocall, and we all know what alcohol on an empty stomach does for restraint and self-discipline.



'I've got more shopping than sense'

Man, who as a rule do not resort to shopping therapy in the way women do, are particularly vulnerable to such blandishments. The staff of Harrods are extremely fond of the group of businessmen who convene in the Men's Shop at 9am on the first day of every sale to stock up on suits. There is an atmosphere of camaraderie and, since boys will be boys, unrelenting competition.

They love the men upstairs in the china department, too. For some reason, a frenzied first-day-of-sale ritual has arisen in the china department. To a soundtrack of agitated voices and shat-

tering porcelain, delirium reigns. And it is the chaps who really go for it. The record for a single purchase was achieved in the January 1988 sale when one man spent £66,400 on Limoges china. A sales assistant gently pointed out to him that none of it was actually in the sale. He wouldn't listen. He was in the grip of the contagious fever which, jostling, pushing, grabbing, screaming, surrounded him.

Harrods reports many symptoms of overwrought behaviour. There was one customer who tried to secure a bargain with her Family Allowance book; one who asked to use the phone so he could arrange a mortgage to buy a Vacherin Constantin watch reduced from £195,000 to £97,500; and there are many who refuse to be thwarted by the cleared shelves... and make offers for the shelves.

No one, it seems, is immune. When Browns of South Molton Street held its one-day Sunday sale in November, Joan Burstein, the shop's owner, popped in at the end of the day to see how things were going. On one of the heavily depleted rails she spotted a Gianfranco Ferre jacket at £150. "It

was beautiful, it fitted perfectly so I bought it," she confessed, more amazed than I could be. "I bought it," she repeated.

And, strange thing, as she laughed at her own frailty, I felt that drowsy monster stir. Why wasn't I at the sale? A mere £150 for a Gianfranco Ferre jacket? What had I been doing wasting the day on clearing leaves, reading the papers, a gossipy lunch and Star Trek Voyager?

You might not believe it, but I do have the monster under control. Most of the time, I simply pretend sales are not happening. If I feel

myself starting to weaken, I dwell on my crowd-phobia, which usually works.

What is distressing is the way bargains present themselves where you least expect them. American stores have almost permanent mark-down rails so you can be working a store, feeling sanguine and secure, when you suddenly happen upon one of these unsuspected traps. Last time I encountered one, in Bedford, I told myself I would scan it professionally to find out what designer merchandise was not selling. I knew I lied. A suddenly dry mouth, shortness of breath, raised pulse rate all betrayed the wakening of the monster.

Suffice to say I came that close to paying £1,900 for a John Galiano evening gown, reduced from £3,500, for which I had very little use. Instead, I found myself back on the street, in a condition doctors describe as "in shock", and on my way to Barnes & Noble to get it out of my system by buying some books (research material, 20 per cent off, madness not to).

Retailers concede that a mental state akin to shock does seem to overcome bargain-hunters. Symptoms are the vacant gaze, the preoccupation, the unprovoked irritability, uncharacteristic violence and a pathetic air of bewilderment.

My favourite story from a Harrods sale relates how a female bargain-hunter, exhausted, laden and shopped-out, staggered into the gentlemen's lavatory. After staring for 15 seconds at the stupefied security guard standing there, she snarled: "Well, is this lift going up or down?"

Her monster was obviously well in control.

### Cosmetics

## Get ready to kiss with confidence

Carmel Allen on the best make-up for the party season

My friend Katie has a "big night, little make-up" theory. "I always go bare-faced except for a little dab of Elizabeth Arden 8-Hour Cream on my lids and lips," she says with the casual air of one who has never tried to create a cheekbone with blusher. "I can't bear to see made-up faces start to fall just when the party gets going."

Of course, it helps that she's a pretty 25-year-old with bone structure as fine as Limoges china.

Most of us are not so lucky, and thankfully modern make-up combines the tenacity of eggs Benedict on a silk tie with the sheerness of a Dolce & Gabbana double-chiffon slip.

Take, for example, the formulation of Estee Lauder Double Wear Foundation, £19, with its "triple polymer system" which spreads like a fine net over the face. It lets the skin breathe, even in high humidity, and can be dabbed with tissues or retouched without coming off. What a relief when you know you'll have to remove everyone else's (non-colour-fast) lipstick from your cheeks. This, of course, is the real reason why the fashion pack prefer air-kissing.

The plethora of colourfast lipsticks means there is no need for anyone to leave their lip print on collar or cheek. The problem with



Big night, little make-up: but a bit of glitz is back in favour

most of these "smudge", "budge" and "kiss" proof formulations is that they tend to leave lips dry after a while, a result of the volatile silicones they use. These allow the colour pigment to glide on smoothly and then fix itself as the silicone content evaporates. That's why, once applied, they must be

left from one to five minutes before the colour is locked-on and ready for kissing with confidence.

Of those tested, full marks went to Christian Dior's Rouge Incorruptible, £13.50 (which requires its own Gentle Lipstick Remover, £10) and Lancôme's Rouge Idole, £13.50, always enjoys a Yuletide surge; make-up artist Chris Colbeck suggests using it with a nude lip-liner (Mac Spice, £8.50, is perfect) so the red doesn't look aggressive or pillboxy.

The ugly problem of feathering is a thing of the past with Estee Lauder's amazing LipZone, £16. It creates an oil and water barrier which keeps colour in its place.

If you choose eyes rather than lips as the focus of your make-up - doing both is best

left to models and make-up artists - it's important to use a base that will prevent creasing. The best by far are Guerlain's Protective Base, £16, (which uses volatile silicones and a polyamide powder) and Estee Lauder Automatic Eyelid Foundation, £12, which brightens and tightens the entire eye area.

Remember to put them under the eye as well as above, then make free with Yves Saint Laurent's Touche Eclat, £17, the magic wand with a disappearing act worthy of David Copperfield. Its trick is to coat shadowy zones with light-reflecting particles.

Follow this with a stroke of Helena Rubinstein's super soft white eyeliner on the inside rim to give sparkle to tired eyes, or try Lancôme's pale green pencil to counter any redness from previous parties.

When it comes to eyeliners, some women find liquid eyeliners or felt tips difficult to apply precisely, but Laura Mercier's flat eyeliner brush (£13) is foolproof. Simply put the edge of the brush to the colour, then dab it on the lid. No brushing or drawing, so no mistakes. The eyeliner colours are so heavily pigmented they never wear off or become overly smudgy.

This year forgo a deep-sea and sultry dark eyelid in favour of a little glitz. The Armani show for this winter was evidence enough that glitter doesn't have to be only for teenagers. The models had a delicious dusting of eye-catching glitter over their smooth hair and serious Armani jackets which were as breathtaking and discreet as a stolen kiss.

Parties, after all, are the ideal setting in which to show an unexpected side. Keep it subtle by dabbing a babyfinger amount of translucent glitter over the inside eye or the centre lip before sealing with a generous dab of clear lip gloss. Barry M does little pots for £4 (0181-349 2992 for mail order). Dickens & Jones has Make Up Forever for £5, or try Spectacular Hair and Body Glitter Spray in silver, £3.

For the tamer, a glittery nail polish by Christian Dior, £11.50, or Helena Rubinstein, £10, is daring but distant enough from the face to be safe. Lancôme has done a limited edition of three glittery polishes in red, deep blue and black for £25. Even my friend Katie couldn't resist them.



Luscious lips: party make-up should focus on eyes OR lips - never both

Pictures: Neil McInnes

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## HOW TO SPEND IT



Green and rust wide-legged tweed trousers, £160, by John Rocha at Harvey Nichols. Orange cashmere V-neck sweater, £280, and striped cashmere scarf, £195, by Clements Ribero from Liberty



Green checked plus-four, £150, (made to order for £165) and hand-knitted tweed socks, £2, by Brora. Tweed braces, £25, by Scaup. Green T-shirt, £55, by John Smedley. Camel hand-made shoes, £180, to order from The Old Curiosity Shop



Sky-blue tweed Crombie coat, £415. Striped shirt, £220, and ankle boots, £150, by Etro. Rust checked tweed trousers, £115, by Jose Levy from Harvey Nichols. Cashmere scarf, £45, by Scaup

## Fashion

## Harris tweed's smoother appearance

The scratchiness has gone from this fabric, once reserved for the grouse moors, discovers Damian Foxe

When former UK minister Douglas Hogg turned up at the Conservative party's bonding session in Eastbourne in the autumn, sporting a mis-shapen tweed jacket, he almost single-handedly undid the work of the world's leading menswear designers, who are attempting to redefine the fabric's fuddy-duddy image. But they need have been concerned for long. Tweed is back, and by redefining the rules of men's city style, menswear designers have placed it once again at the forefront of urban sartorial acceptance.

According to Richard James, who, along with Tommy Nutter, has successfully reset the traditional pace among Savile Row's bespoke tailors, tweed has shaken off its association with hardy outdoor country pursuits. Instead, it has been adopted by urban-dwellers who are starting to appreciate its unique tactile appeal.

Irish-based designer John Rocha, who has always used tweed in his menswear collections, agrees, explaining that a younger market is starting to wear tweed in a modern and contemporary way.

Even the fabric content of tweed has changed in response to the new demands being put on it. Many manufacturers of this traditionally coarse and scratchy material have started to add man-made fibres to their tweed output.

A small percentage of stretch and softness, making the fabric easier for designers to manipulate and more comfortable for those who eventually wear it.

"Our way of living has changed," says James. "We have cars, central heating and air conditioning, so it's no longer necessary for tweed to be heavy and



Black and white tweed trousers, £165, (part of suit), by Hugo Boss from Harvey Nichols. Tweed stripe sweater, £160, by Alexander McQueen from Liberty. Black ankle boots, £330, by Gucci. Black maple nickel-handled cane, £49.75, from James Smith & Sons

warm. It's more important for it to be wearable in the city."

Rocha, who works directly with his tweed manufacturers, has not only developed new colours, innovative pat-

terns and smoother finishes, he has also developed fabric mixes which are harder wearing and more adaptable to urban attire.

James, who buys most of his tweed from Brora in northern Scotland, visits his fabric mills at least once a year to advise on fabric design. "They have developed a tweed for us which is lighter than anyone else's," claims James, who has incorporated it into his current collection for light-weight city suits. "But they also supply us with authentic heavyweight options for those who still wear it in the country."

For this winter, designers as diverse as Vivienne Westwood, Katharine Hammett, Hugo Boss and Jose Levy used tweed in their men's collections. "The rise in its popularity among fashion designers marks a significant change in men's attitude towards what fabrics are fashionable," says Fiona Firth, menswear buyer at Harvey Nichols.

"Nylon revolutionised men's clothing over the past two years, but now we are seeing a return to natural fabrics. Men want fabrics which have substance, which seem luxurious but which also have a completely modern appeal."

According to Rocha, it's a late 1990s thing. "Nowadays men want to invest in something which will last," he explains, "something which is not just a disposable fashion statement."

The traditional aspect of the tweed market should not be underestimated. Clothing labels such as Mulberry, Holland & Holland, Hackett, Burberry and, more recently, Nick Ashley concentrate on the hardy nature of tweed and its appeal to the increasing number of people who have a second home in the country or who go there often.

Victoria Stapleton, owner of Brora in King's Road, Chelsea, recently opened a dedicated tweed emporium at the back of her shop, specialising in more traditional designs and fabrics.

"When you see the fabric being made," she says, "the incredible craftsmanship which goes into weaving every length of fabric, you think it should cost £1m."

As well as lengths of cloth, she includes slippers, caps, weekend bags, hand-knitted socks and plus-fours in a collection which has a largely traditional appeal.

Made from spun woollen yarn, which results in a rough and hairy fabric, tweed became popular among Scottish landowners in the last century. They selected distinctive patterns for their workers, so they could be easily identified as employees of a particular estate.

Although the wool is now spun, dyed and finished by machine, much of it is still woven by weavers in their own homes and its production remains one of the few surviving cottage industries. It is immediately recognisable by the depth and unmistakable character of its surface texture and by its extraordinary blend of colours, which reflects the rich diversity of the Hebridean landscape, in particular.

In 1993, £10m was invested in new looms. Harris tweed's biggest handicap had been the antiquated - and slow - Hattersley looms on which it had traditionally been woven in widths of 29½in. There was also a problem with the definition of what constitutes Harris tweed; it should be made from the wool of the Cheviot or black-faced sheep, which in recent years was becoming less easily available and more expensive to buy.

The initiative helped develop new Bonas-Griffiths looms which doubled the width of the fabric to 150cm, thus making it much easier to use in today's hi-tech production processes. It also speeded up the weaving process, and allowed the weavers to develop more intricate designs, with up to 40 colours in any one piece.

Most important, however, it helped reduce the possible fabric weight from 470g, perfect for sub-zero grouse-

hunting temperatures, to less than 300g, the most popular weight among designers today.

Last year, Harris tweed was re-launched, complete with an updated image and a brand new thistle logo, at the fabrics fair Premiere Vision, where designers decide on the fabrics for their newest looks. Almost instantly, tweed was catapulted back to the forefront of designer fashion.

When buying it, however, it's worth taking a word of advice from the experts who helped to place it there. "The more you wear it the better it becomes," says Rocha. "It's true," agrees Stapleton. "There's nothing worse than new-looking tweed."

So what's the answer? Invest in simple, beautifully made styles, that look modern but which will age beautifully. Remember, however, if it looks as though it might fit comfortably at a dress-down Conservative party conference, it's probably time for a change.

## STOCKISTS

Harvey Nichols, 67 Brompton Road, London SW3 (0171-235 5000); Liberty, 210-220 Regent Street, W1 (0171-734 1234); Joseph Menswear, 74 Sloane Avenue, SW3 (0171-591 0809); Richard James, 31 Savile Row, W1 (0171-434 0606); Katharine Hammett, 20 Sloane Street, SW1 (0171-823 1002); Jigsaw, 9-10 Floral Street, WC2 (0171-240 5651); Etro, 14 Old Bond Street, W1 (0171-495 5767); Nick Ashley, 57 Ledbury Road, London W11 (0171-221 1221); Brora, 344 King's Road, SW3 (mail order: 0171-736 9944); Office, 57 Neal Street, WC2 (0171-379 1896); The Old Curiosity Shop, 13-14 Portmouth Street, WC2 (0171-495 8891); Gucci, 32-33 Old Bond Street, W1 (0171-629 2716); Scaup inquiries (0171-637 1450); James Smith & Sons, 53 New Oxford Street, WC1 (0171-836 4731)

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## TRAVEL

## A tiring day in the souks of Marrakesh

Walter Glaser is exhausted but stimulated by the pink city of a hundred thousand palm trees

As the first golden sliver of sunlight appears over the central Atlas Mountains and slices into the crisp, still-cool air, Marrakesh has already stirred into activity. From one distant minaret, and then another, the muezzins call the faithful to morning prayers.

In Djemaa El Fna square, the favourite gathering place for the citizens of Marrakesh, there is a sense of quickening activity. Men leading laden donkeys head for the souks, where every type of North African merchandise is bought, sold or bartered. Traders cross the square on their way to work. Beggars and would-be tourist guides take up strategic positions.

Barber tribesmen, freshly arrived from the desert, head for the places that have motivated their trip into this town. Veiled women make their busy way to shops and bazaars. The citizens of Marrakesh are easing themselves into the day.

Synonymous with mystery, intrigue and adventure, Marrakesh has always been a magnet for the intrepid traveller. It is the very essence of North Africa. The traveller who has not yet been to this, the pink city of a hundred thousand palm trees, at the foot of the Central Atlas Mountains, cannot claim to have seen the real Morocco.

Surrounded by its six miles of ramparts, Marrakesh is the old Imperial City. This was the site of the palace of El Badli, built in the 15th century and a masterpiece.

Although El Badli was destroyed during the 17th century, it is not forgotten. Each June, orchestras congregate from every corner of the Moroccan kingdom to attend the National Festival of Marrakesh, which lasts for 17 days. The ruins of the old palace are filled with the strains of traditional music and dancing.

The best way to see the city is to hire one of the 300 horse-drawn carriages which ply the city streets.

Its true heart is the square of Djemaa El Fna, which resembles the stage of a huge theatre with light and scenery optimised by nature and with the citizens of Marrakesh as the players. There one can be transported five centuries back in time.



A lot of bottles: every type of North African merchandise is bought, sold or bartered in Marrakesh

Bruno Barbey/Magnum

By late morning the heat has risen, and so has the dust. A curious crowd gathers around jugglers and timbrel-accompanied dancers. There are bird enthusiasts and pick pockets, food sellers and musicians. Blind story tellers recount tales of adventure, romance and heroism which, more often than not, are beyond belief.

Then there are the less lurid but perhaps more educational tellers of tales - men who act out their stories with vivid and bewitching gestures - be they tales of romance and love, battles, stories from the Koran, or tales of nomads.

In other spots, public notaries armed with pens sit at makeshift tables awaiting illiterate customers. A little further on, so-called dentists with rudimentary equip-

ment sit in wait for patients whose toothache is now so fierce that it transcends their fear of these "specialists". Everywhere, colourful tradesmen offer rose-scented water. They do not seem to sell much, but love to pose for your camera for a small gratuity.

Strains of music start, slowly becoming louder, shriller and faster. The Gnouas, black dancers dressed in loose white outfits and colourful embroidered caps, are a great attraction as they swirl frantically to the sound of drums and long metallic castanets until totally exhausted.

Surrounded by fascinated onlookers, who nevertheless give him a wide berth, is a sinister-looking character known as the "snake man". Two live scorpions are crawling over his face, a spider seems almost glued to his

skin, and he is clutching a live snake in his mouth. He never fails to draw a huge crowd.

Tame by comparison, and therefore less successful, are the other snake charmers. One sits, fanning at the mouth with hair unkempt, staring at his basketful of shiny black cobras.

To get a really great view of the square, go to the first-floor terrace of one of the many cafes that surround it - the Café de France, the Bar Arcana or the Bar de la Place. Take your binoculars and don't hurry away. The show is fascinating.

Soon you reach the entrance to the labyrinth of light and shade known as the souk. This part of the old city is home to the maza of streets, doorways and inner courtyards so essential to Marrakesh tradesmen. You may be lucky and get a guide like

Mohamed Almarou who has spent five years studying in the US and speaks excellent English. Only \$10 will buy his services for four hours.

He may take you to Avenue Mohammed V, a small, narrow street which is the nearest thing to Ali Baba's cave and will assault all five senses. The small, airless street is crowded and noisy, aromas changing in line with the trades that are represented. The delightful scent surrounding the spice sellers suddenly changes to the strong pungency of leather near the saddle-makers.

Donkeys loaded with sacks of produce move slowly through alleyways, their sacks acting like lateral steamrollers threatening to flatten anyone who dares to try and pass them.

There are a few rules one must understand when in the souks.

The first is never go alone. You will be assailed by endless would-be guides who have incredible persuasion and the stamina to wear you down until you have hired one. After fixing a price, let him protect you from unpleasantness - but stay alert.

Secondly, never believe anyone who tells you anything is solid silver, solid gold, or a semi-precious stone. Marrakesh jewellery is made of plated base-metal every time, and those "jewels" may well be plastic. However, the workmanship is handsome and the artisans have to make a living.

One of the fascinating and charming things about the city is the myriad of small, specialised markets. In little squares, often reached by tortuous alleyways, groups of craftsmen, often members of the same families in the

same areas of expertise, set up small mini-souks. Locals know exactly where to go for what they want.

You may visit the square where the sweetmeat sellers are found or the potters' souk with goods from all over Morocco: vases from Safi; glazed pottery from Demnate and amphoras carefully 'aged' to look as if they belonged to Ali Baba.

The souk of Sammarine is where the finest selection of textiles can be found. Huge bolts of silk, muslin, brocade and cottons are stacked to the ceiling.

As you pass the El Kbir souk, a group of leatherworkers are making choukaras, men's purses. Elsewhere, a small square is filled with craftsmen busy making the colourful ceremonial saddles and harnesses so beloved by locals for special events and celebrations.

There is a copper souk, a silver souk, a brass souk, and even one that specialises in Russian-style samovars (tea urns).

Another amazing place is the woodworkers' area where ancient lathes are still operated by craftsmen who hold the chisels with their toes instead of their fingers.

Above this particular square the dyers ply their craft, imparting vivid colours to the scene as the freshly dyed skeins of silk and wool are hung to dry on frames of reed canes. A few steps past the "Street of the Chemist" is the Larzal Souk where a wool market is held each morning.

In another area, a tiny doorway, easily missed, leads into the Souk Zrabia, full of colourful rugs. The dominant colour indicates its origin. If it is red, the rug is likely to be from Tazekart. If black, from Ouarzazate. If pale yellow, from Telouet. If yellow and violet, from Zagora, and the fiery looking rugs with blazing patterns resembling the teeth of a saw are likely to be from Chaichaoua.

As the streets empty and the noise level drops, tired and surrounded by purchases, you head for your hotel. If you are staying at the Mamounia, do not miss a pre-dinner stroll in its delightful gardens. Although it is the most elegant and palatial hotel in the country, many others, such as the Palace Badia, are springing up throughout the city and offer excellent value.

## Whale-watching off the Azores

Michael Wigan 'hunts' his prey in the Atlantic

A black fin cut through the choppy water. Was this the blue whale, the largest mammal there has ever been? Or a fin whale, the second biggest living thing? The four inflatable boats raced alongside it on each side, at a respectful distance. The black beast dove. It had failed to spout. So, no, it was a sei whale, big, gigantic in fact, just not the one we were looking for.

In the morning, on the first calmish day, we had motored through a veritable aquarium of sperm whales. These extraordinary animals can dive deeper than a mile in pursuit of their staple diet of squid. We approached to within harpoon strike range. They had wallowed, spewing jets leftwards of centre before "sounding", or turning to the deeps, waving their tails, the size of refectory tables, leaving a strangely cooling millpond in the waves.

We watched common dolphins doing out-riider circus tricks in synchronised diving formations - almost within hand's reach of the boat. Rossi's dolphin, a white torpedo with a high sickle fin, had shot past, and a turtle had paddled by, pushed by currents from America, its stubby limbs intact, demonstrating evasion of the sharks.

Things were set to improve. The look-out in the "vigia", or old whalers' cliff-top watchtower, had spied a vertical spout, very high. He communicated by radio to the boat. Outfitter chief Serge Vallée swung his inflatable around and sped to sea, followed by crimson-jacketed cohorts, spinning over the waves in the general direction of Brazil. Only one blue whale had ever been seen off the Azores, this whale-watching and former whaling hotspot. It is guessed a mere 500 blue whales swim the north Atlantic.

Our eyes hunted. We saw no spout, no horizon, and waited. Fish eggs and the infinitely varied forms of microscopic sealife were bursting on to the surface in

late May's warming water. The former whaler in the vigia held us on station. A spout erupted close to my boat, straight, high, under pressure, and a blue-black back just showed itself. An impossibly long time elapsed while more and more back showed, as the front and went down. Blue whales do not wave their flukes, rather its arches slightly, after spouting five times, and the re-oxygenated beast quietly submerges. The world's biggest creature is not a deep swimmer, but eats plankton, the sea's seed.

The whale surfaced again after ten minutes, circling, not steaming in straight migration-driven directions like the sperm whale. Its broad back was glinting in the dazzling light. Collision course with our flimsy craft was halted when it slid below the waves.

The nine islands of the archipelago forming the Azores are an old staging-post for European ocean traffic to South America and for American traffic starting in the Caribbean and heading for Europe.

The sweet-smelling islands are the volcanic nipples of the Mid-Atlantic Chain, a mountain-range that surfaces again in Iceland. The high spots are mostly craters. From the 7,700 ft classic volcanic cone, which dominates the island of Pico, steam rises. The island of Faial has been lurching westwards with volcanic actions, the last in 1968. Its westerly headland is a lava hotpot, with the green shoots of plants starting the long process of colonisation.

One could talk of Faial, my Azorean base, in terms of the hydrangeas which form hedges right up to the volcanic cone; of the ubiquitous glossy cows (in conjunction with the lack of absence of milk - it is exported); of the wild flowers; of the beautiful Hispanic churches and interruptedly pretty streets; of the religious festivals and the flower-strewn cobbled roads. One could, come to think of it, dwell on the island's disagreeable food; but the essence of Faial and

are immensely strong, fast and visible occasionally, dipping along the surface in feeding frenzies. They are at their biggest in the Azores. The islands hold more than half the world game fishing records, an astonishing dominance. These marlin too, like the other game fish, come to bulk up on the fishy extravaganzas.

Joseph Franck, a Marlin skipper, even thinks some Atlantic blue marlin have disobeyed their migratory imperative and become residential in Azorean waters, content with the multitudines of fish and able to bear waters which never get cold.

Five species of tuna are caught in the waters. Each morning the fishing boats leave Faial, the men splinting together the home-grown bamboo poles which serve as fishing rods. As with their whaling in the old days, Azorean fishermen prefer methods which are simple and sustainable. The ultimate predator in modern fisheries is there too, the Spanish

fleet, prohibited of course, but fishing nonetheless, trading on Portugal's inability to police fishing off these islands 1,000 miles from the mainland.

The fish-rich waters have produced the typical Azorean, descendants of the 15th century colonists, a mix of Flemings and Portuguese. Bernard Venables, the fishing writer who lived for a while on these extremities, said Azoreans found their cultural expression in whaling. Around May, farmers and fishermen would wait with rising expectation for watchers to spy the first spouting whales, then ring the village bells, and spring to the narrow, tippy, agile 38ft wooden boats.

The Azoreans declined to implement the huge technical advances in whale killing made in the 19th century, which transformed a contest into a slaughter, but stuck to their rowing-boats and hand-held harpoons and the dangers of the chase for another 100 years.

The young men who stand at the helms of the inflatable today, racing from spouting whale to spouting whale, bobbing in their tiny craft on the same wild Atlantic Ocean, are excited by the whales too.

Again Azoreans are trading off their sperm whales. Again the market is international. Blue marlin and tuna are being brought into play too, by the sport fishers. The seas of the Azores are giving their human rovers a second awakening.

The only serious inconvenience of whale-watching is having to listen to the three main operators in Faial and Pico taking apart each other's operational practices and equipment - "His boat is too small", "He goes too close to the whales", "He wouldn't know a whale from a dolphin", "He smuggles whale ivory", etc. I would opt for Espaco Talasso, at Lagoa do Pico, on the island of Pico, which will arrange trips. Tel: 00 351 32 676017. Half-day outings cost about £20. There are flights from Lisbon to the Azores by Portuguese Airlines.

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## FOOD AND DRINK

**T**oo many so-called food and cookery books published in the UK these days seem more concerned with production hype and the cult of the celebrity than furthering our knowledge about foods or providing reliable recipes.

My personal top 10 for 1997 are all books by cooks for cooks. No chefs, no restaurant or TV tie-ins. Recipes that work have been one of my main criteria. I selected the first four titles as much for the pleasure of reading as cooking from them.

*The Book of Jewish Food* by Claudia Roden (Viking, £30) is a magnificent journey through the Jewish kitchens of the world.

*South Wind Through the Kitchen: The best of Elizabeth David* (Michael Joseph, £20) combines her evocative writing and familiar recipes with reminiscences by some of those who knew her.

Patience Gray's *Honey From a Weed* (first published in 1986, reissued by Prospect, £12.99) is an autobiographical cookery book by a sculptor's muse, a Mediterranean odyssey, "held in the mysterious grip of olive, lentisk, fig and vine". Sheer magic.

Fred Plotkin's *Italy for the Gourmet Traveller* is the most companionable guide the Italophile could hope to find, with a handful of good recipes thrown in.

My other six books major on recipes. They are in addition to Nigel Slater's admirable *Real Cooking* (Michael Joseph, £18.99), which I mentioned in this column a few months ago.

*The Hamlyn Spice Book* by Arabella Boxer (Hamlyn, £23) is a fine directory of spices and first class recipes.

Annie Bell's *Vegetable Book* (Michael Joseph, £15) is the inspiration you would expect from a leading young light in the pursuit of imaginative vegetable cookery.

Josceline Dimbleby's *Complete Cookbook* (HarperCollins, £20) is a generous and eclectic compendium from the British pioneer of cross-cultural aromatics and cooking techniques.

*A Year at Ballymaloe* by Darina Allen (Kyle Cathie, £19.99) offers curriculum classics from Ireland's best known cookery school.

*The Homes & Garden Cookbook* by Brian Glover (Pavilion, £12.99) is a stylish collection from an author who should be better known.

Last, but not least, *Supper Won't Take Long* by Lindsey Bareham (a Penguin original, £8.99) gets my vote as the most user-friendly recipe book of the year, packed with the sort of easy-cooking easy-eating dishes I like best - and it is small enough to take out and about when you go food shopping.

Lindsey Bareham's **SMOKED SALMON WITH POTATO AND DILL** (serves 6)

1.2kg potatoes; 150g smoked salmon; 150g spring onions; a bunch of dill; 40g butter; 4 large eggs; 350ml full cream milk.

Peel the potatoes and cook in salted boiling water until tender to the point of a knife. Strain and set aside to cool. Trim the spring onions and finely slice the white and pale-green parts. Pull the dill fronds from the stalks and chop roughly -

you need at least 2 tablespoons, preferably 3. Slice the smoked salmon into long, 2.5cm wide strips.

Use one-third of the butter to grease a shallow ceramic dish measuring about 35cm x 20cm. Cut the slightly cooled potatoes into 50mm slices. Lay one-third of them in the dish and season with salt and pepper. Sprinkle

with half the spring onions. Lay half the salmon strips on top, strew with half the dill and season with pepper.

Repeat the layers as before, then top with the last of the potatoes. Whisk the eggs into the milk and pour the mixture into the dish: it won't entirely cover the ingredients, leaving the potato topping to get nicely crusty. Dot with the remaining butter, season again and bake for 30 minutes at 200°C (400°F) gas mark 6.

**Brian Glover's BEETROOT, COCONUT AND LIME SOUP** (serves 4)

As Glover points out, this simple soup is simpler still if made using ready-cooked (not vinegar soured) beetroot and canned coconut milk.

225g unsweetened desiccated coconut; 4 medium beetroot (about 450g); the juice of 1 lime; 4 tablespoons crème fraîche.

Pour 1 litre boiling water over the coconut and leave to cool. Boil the beetroot in lightly salted water for 50-60 minutes. Cool, skin and chop roughly.

Bleed the coconut and its liquid in a food processor, then strain through a sieve, pushing hard to extract maximum flavour. Return the coconut milk to the processor, add the beetroot and blend until smooth. Pour into a saucepan and season to taste with lime juice, salt and pepper. Reheat before serving topped with crème fraîche.

Note: to serve cold, season more vigorously and chill the soup for several hours. Blend again before serving, topped with yoghurt.

**Josceline Dimbleby's JERUSALEM ARTICHOKE STEAK** (serves 4-6)

675g large Jerusalem artichokes; 2 large garlic cloves; 4-5cm fresh ginger root; a generous bunch of parsley; 3-4 tablespoons olive oil.

Peel and chop the garlic and ginger finely. Chop the parsley. Scrub and trim the artichokes but don't bother to peel them. Slice them across as thinly as you can.

Heat the olive oil in a wok or frying pan over fairly high heat. Add the artichokes and stir constantly for 2-3 minutes (depending on the thickness of the



Brian Glover's sorrel, lemon grass and prawn soup with rhubarb, and star anise soup. From his new book (see below).

Book Round-Up / Philippa Davenport

## Recipes by cooks - for cooks

## The fasting and the feasting

Anissa Helou on Ramadan's significance

**I**f you are a night bird, the best time to visit an Arab country is during the ninth month of the Moslem lunar year, Ramadan.

Ramadan is when all Moslems must show their obedience to the Koran, from sunrise to sunset every day, by abstaining from eating, drinking, smoking and sex.

It is also a time when the nights are at their most festive.

Ramadan is the month when the Koran was revealed to the Prophet Mohammed, but he did not decree it a holy month of fast until years later. The fast is one of the five pillars of Islam.

Its observance is the duty of every good Moslem. It is even said that one of the great Moslem saints, Abdul Qadir Jilani, knew on the day that he was born (1 Ramadan 1093) not to suck his mother's milk during the day until he was one-month old.

This Moslem fast-feast cycle is unusual among the main monotheistic religions, in that it is a daily ritual lasting for a month. Every day's fast is followed by an evening feast shared with relatives and friends, either at home or in restaurants where special meals are laid on.

Therefore, why visit an Islamic country during other months - especially if you are interested in food and street life?

In Beirut, the desolate city centre that was razed following the destruction caused by the civil war is taken over by entertainers from Egypt who set up large tents where you can spend the night feasting on the finest Lebanese specialties, while listening to live Arabic music.

Sweet-makers stay open late to make exclusive Ramadan sweets; and just before sunrise, the *tebbalin* (drummers) walk the streets, beating the drum to wake people up for their last meal before the fast begins again.

Of course, the foods eaten during Ramadan vary from one Islamic country to another, but the ritual is always the same.

The fast is broken with some sort of liquid as soon as the sun sets: blessed water in Turkey and Iran, *harira* (lemony soup with meat, pulses and herbs) in Morocco, and *sharab qamar el din* (a sweet drink made by diluting dried sheets of apricot paste in water) in Lebanon, Syria and Egypt.

What the drink they will be drinking is a throw-back to the early days of Islam, when they were a staple in the Arabian peninsula. They still are among the Bedouins.

After this initial, literal "breakfast" people retire to

say the *maghrib* (dusk) prayer. Then, they sit down to a lavish feast. Salads and fruit are an essential part of these meals to help make up for the dehydration suffered during the day and a vast array of sweets is served at the end, as well as through the night to celebrate the special time.

Once the meal is over, people go out to socialise. They visit each other, especially their elders, or go to town squares to sit in cafes and watch strolling entertainers such as storytellers, dancers and animal trainers. Islam is the second largest religion in the world and, in Britain alone, there are about 1.2m Moslems.

Ramadan falls in January - which is lucky for those who fast as the days are short. If you live in London, you can soak up the lively atmosphere of this remarkable month just by going to Edgware Road, off Marble Arch - where you will find yourself transported to an Arab city.

Arabic is spoken everywhere; it is even written on shop signs. Arabic music

blares out of the many cafes that line the main road and side streets; and the restaurants, Lebanese mostly, start serving elaborate meals as soon as the sun sets.

At Marrousb (0171-723 0773), or at the Lebanese Restaurant (0171-262 9535) they will automatically serve you the apricot drink mentioned above, dates and *fatah* (a bread and herb salad with a tart sumac seasoning). Then, they will bring a soup and after that your choice of main courses: they will have three choices for

the day, or better, the night: chicken, meat or fish.

They will also take special orders. If you felt like it, you could call a day ahead and order any of the following Ramadan choices: *qurt* (whole lamb stuffed with rice, meat and nuts and roasted in the oven), *meishi bil moqedem* (stuffed vegetables cooked on a bed of sheep's trotters), *kabsheh* (a layered cake of lamb, vegetables and rice, which is a Saudi speciality) and *fatah* (a layered dish of toasted pitta bread pieces, lamb, chick peas and yoghurt seasoned with mint and garlic with a garnish of toasted pine nuts).

This latter dish is similar to one that was the Proph-

et's favourite, *tharid* (bread crumbled in a broth of meat and vegetables).

Their selection of fruit and sweets is impressive all year round, but it becomes even more so during Ramadan. This is the only time of the year when you will find *halwa* (a semolina and cheese pudding with fragrant sugar syrup), *hadda* (long, thin rectangular baklava with a walnut filling) and *sahlab* (a thick drink made with milk and powdered dried tubers of orchid and flavoured with mastic that was common in France in the 17th century).

Of course, if you are not a Moslem you can also have wine or arak, a strong anise drink, with your meal. Ramadan is also the perfect time to stock up on dried fruit, nuts and sweets from the nearby Middle Eastern shops. A high turnover during this month means that goods are at their freshest and most varied.

When you walk into Green Valley (0171-402 7385) you could imagine yourself walking into an Al Baba's cave of gastronomic delights. The trays of Arabic sweets are piled high and in them you will find *kellage ramadan* (wafer-like sheets of pastry filled with a type of custard, fried and dipped in syrup), *ciyef* (pancakes with walnuts or clotted cream, again fried and dipped in syrup) and *ma'mul madd* (pistachio filled pastry covered with *noief*, a snow-white cream made with a mysterious

root, to name but a few).

You will also be able to find fresh *qashish* (Lebanese clotted cream, quite different from the English version in that it does not melt in cooking) and *knafah* (a hair-like pastry used to make the breakfast sweet of the same name or others).

Of course, Edgware Road is not the only place for Ramadan specialties. Stoke Newington and Green Lanes in Haringey are good for Turkish delicacies; Kensington High Street, across from Holland Park, is the place for Iranian goodies and Brick Lane for Indian and Pakistani ones.

There is one drawback, though, about being in Arab countries during Ramadan. Very devout Moslems feel that they cannot even swallow their saliva and they spit it out at regular intervals - you should remember that spitting is an Arab characteristic, anyway - and if you are walking around during the day, you will have to master the technique of ducking the jets. So, even if you want to sample the delights of Ramadan in London, keep your eyes open.

Anissa Helou has just finished writing a book on Moroccan street food - of which more in the Weekend FT shortly.

### Appetisers

## And the winner is...

The 1997 contest between crûs bourgeois of the Médoc compared 119 different 1994s and voted Chateau Les Ormes de Pez 1994, made by the talented Daniel Lhote at Chateau Lynch Bages, the winner.

Runners-up were Chateau Lamothe Bergeron, La Gurgue and Ramage La Batisse.

Vincent champagne, cited with enthusiasm in our Christmas wine guide, are also available from Grosblossom of London NW1, Selfridges of London W1, Wines of Interest of Ipswich, T & W Wines of Thetford, Noel Young Fine Wines of Tring and Andrew Chapman Fine Wines of Oxfordshire. JR

Charles Heidsieck's opulent Blanc des Millénaires 1988 is now in Bottoms Up at £24.99. In spite of its name it is a more suitable candidate for drinking than most luxury cuvées on shelves today (although the richness of Dom Pérignon 1989 suggests this is a wine for today, tomorrow and a long way hence). The Heidsieck bottling is a relative bargain.

Mandarin Oriental Hyde Park, in London's Knightsbridge, will celebrate the new year with a Venetian Ball with masks, music, mime and more. A quartet playing Baroque music will play to a champagne reception. This will be followed by a

six-course dinner. Cost: £250 a person. For reservations call 0171-235 2000. Jill James

For those looking to shed a few pounds - weight and cash - Nutfield Priory Hotel in Redhill, Surrey, is offering a discounted rate of

£57.50 a night for a two-night weekend break next month, dinner and breakfast included. Facilities include gym, pool, spa, racket courts, sauna and steam room. Call 01787-822066. JJ

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In the city

# A high plateau, not a peak

Anne Spackman looks at how swings in supply and demand offer clues to London property prices in 1998

Unlike the calendar, the property market has no need to mark the turn of the year. Yet often it seems that the trends emerging during the late autumn months intensify with the opening of business in January.

This was certainly true in London in 1997. Prices gathered pace in the second half of 1996, growing by 10 per cent in six months. Buyers appeared to absorb that information over Christmas and rushed out to catch the rising market in the new year. Six months later prices across the capital were, on average, another 15-20 per cent higher, driven up by a huge influx of purchasers chasing too few properties.

What has happened since offers plenty of clues about the market to come in 1998.

The huge price increases of early 1997 encouraged a number of sellers on to the market in the autumn. At the same time, the number of potential buyers shrank; many had already bought and, with prices already high, the impetus to catch a rising market had gone.

House price inflation slowed in the third quarter - to 3 per cent, according to Savills and just over 1 per cent according to Hamptons. The fourth quarter is expected to show a further fall. Now, instead of buyers having to exceed asking prices, sellers are having to reduce them.

Some of the most bullish asking prices are currently to be found in those areas of south west London which enjoyed the highest price rises in the country in the 12 months to September of this year. The million pound barrier was not only broken in Wandsworth and Putney, but even in outlying Tooting, where a spectacular house in Trinity Road sold for £1.2m.

Now Spencer Park, Wandsworth's most prestigious address, is trying to reach new heights, with John D Wood and Savills setting an asking price of £2.2m

for one of its large, detached houses. Is it destined to join the growing numbers of properties carrying a "reduced" label or will it swallow up a few years' compounded bonuses?

The market in London is now comfortably balanced in terms of supply and demand. Many estate agents foresee more stock and higher turnover, but no significant rise in prices in 1998. Yolande Barnes of Savills Research expects an average rise of 4 per cent next year. Robin Paterson, group managing director of Hamptons International, predicts no across the board rises in London, but "a substantial increase in the stock of property on the market - possibly as high as 30 per cent - giving buyers better value and more choice than in 1997".

There may, however, prove to be two exceptions to this general rule.

First, in spite of years of development activity, very few new family houses have been built in London. Yet demand for them continues to grow, as parents working 12 hours a day choose not to commute.

This year, Friend and Falcke sold a totally unmodernised property in Gilston Road, Chelsea, SW10, for £2.7m - the equivalent of £900 a square foot. That is almost as high as the best ever achieved at Chesham Place, the most luxurious new development in Belgravia.

People unable to afford central locations have all been searching for the same types of house in leafy outlying parts of the city: large freehold family houses, with good reception rooms and a good garden, in reach of decent schools and open spaces. What ever happens in the rest of the market, it is easy to imagine spectacular sales for the best of these properties in 1998.

The second exception to the general rule is in the development market itself, where two

problems have surfaced at the same time. One is the over-supply of property in areas where British owner-occupiers do not traditionally buy. The other complicating factor is the financial turmoil in south-east Asia.

A recent research study for Hurford Salvi Carr and Farebrother found that more than a quarter of all new homes being built in London were in the City/Midtown/South Bank area. The usual sales strategy has been to sell these flats off-plan to buyers in Hong Kong and Singapore, then sell the remainder - if there are any - to the UK.

Right now, that market has almost disappeared. Not only are new schemes not selling, there are the first cases of Singaporean buyers failing to meet their payments on flats bought earlier this year and forfeiting their deposits.

Their flats are coming on to the market at a time when supply is already increasing. David Salvi of Hurford Salvi Carr says new schemes are coming to market at the rate of a block a month.

At the same time, a wave of second-hand stock has already started changing hands. "I went from having six filling cabinets of property details down to two this year. Next year I will be back up to four," he says.

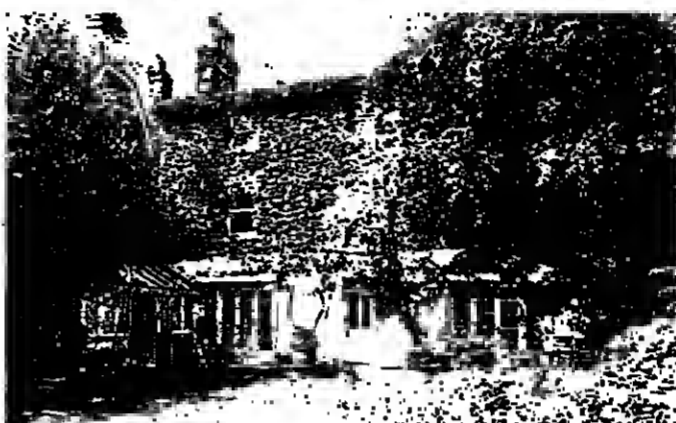
"I expect that by the end of the summer, those developers who still have a lot of stock will have to lower their prices. I don't think anyone investing now will see a return on their capital over the next 18 months."

Linda Beane of agents Beane Pearce works as a consultant to a number of developers. She says: "At the moment any developer exclusively targeting the south-east Asian market has a lot to worry about. The Singapore market for London property up to £200,000 has shrunk by at least 75 per cent. I expect it to remain like that for the whole of next year."

"In Hong Kong we are seeing a continued commitment from individuals buying at the upper lev-



Gilston Road, Chelsea: an unmodernised property that sold for £2.7m



Spencer Park, Wandsworth: an asking price of £2.2m

els of the market, but up to £300,000, the investment purchaser has been wiped out.

"Many developers have assumed that they will pre-sell upwards of 50 per cent of their schemes in east Asia. Some of them will be forced to re-finance; others will have to rethink their sales strategy."

Most overseas buyers put their flats on the rental market. In prime markets such as Kensington, there is still strong tenant demand, but in all the heavily developed secondary areas, such as the South Bank, Westminster, Finsbury, Docklands and the City, supply is already pushing rents down.

David Salvi secured £450 a

week rent for a high quality two-bedroom flat in the City a year ago. "Now I wouldn't get more than £400 for it," he says.

Most agents agree that rents outside the most prime locations are unlikely to rise this year as supply increases relative to demand. In Docklands, where there is so much brand new stock, rents for older, tired properties are already starting to fall.

There was something of a mini-boom in London at the start of this year, which led to talk of "the bust" to follow. A few buildings in the wrong locations look vulnerable to that but, in general, the London market looks to have reached a plateau, rather than a peak.

## A year for taking profits

Anne Spackman on the rapid spread of the million pound homes

This year the most significant sales in London were not necessarily the largest. They were remarkable because of the huge price increases they represented.

Willie Gething of the buying agency, Property Vision, cites one example of a pair of houses in Lansdowne Road, Notting Hill. "One was sold for £1.9m in December 1996 and the other, in the same condition, sold for £2.75m nine months later."

Similar stories abound in west and south-west London. It was Wandsworth which put 1997 property price rises back into dinner party conversation. After very strong price growth in 1996, the south London suburb raced ahead early this year. Savills sold an unmodernised house in Westover Road for £370,000 in July 1997. They resold it in May this year for £550,000. The fever spread south to Tooting, where Douglas and Gordon and Sullivan Thomas sold a house in Trinity Road for £1.2m.

There were 203 houses sold for more than £1m in two London boroughs in just the first nine months of this year, according to the Land Registry. But by comparison with previous years, there were fewer multi-million pound sales.

Ranked fourth in Knight Frank's top 20 London property deals was a flat at Chesham Place which sold for more than £4m.

Not only did it break the £1,000 a square foot barrier, it was also further evidence that the premier London property for an international audience is one with a period exterior and a luxurious, new interior.

At the top of Knight Frank's list was a complete one-off - Anbrey House. Situated in two acres of gardens in Holland Park, it was more a country time-piece than a traditional city home. It took 18 months and a price reduction from £25m to £20m before it sold in November to a member of the

Ransing family. The only other sale in London this year in a similar price bracket was Hugh House, a Belgravia mansion on the corner of Eaton Square, which went for around £17m.

Notting Hill, Chelsea and Mayfair produced a couple of big prices. Wetherell, De Groot Collis and DTZ Debenham Thorpe sold numbers 20 and 23 Upper Brook Street for £5.75m and £4.75m respectively.

But the year was as interesting for the properties which came on the market and stayed there.

Sometimes this was the result of absurdly ambitious pricing; sometimes, they were difficult properties to sell.

The largest of the unsold is the Syrian-owned Witanhurst in Highgate. With 30,000 square feet of living space, it is believed to be the second largest house in London after Buckingham Palace. It is quietly on the market at around £30m with Savills in Hampstead.

At the other end of the price spectrum, developer St George stunned the market with its Metro Central development. Having made its reputation with up-market schemes, St George bought a 1960s office block on the roundabout at Elephant and Castle and produced the cheapest new flats in central London.

The scheme was launched in Hong Kong in March, where more than 100 properties were sold in a weekend, with studios going for as little as £25,950.

Investors who bought them have been achieving rental yields of around 18 per cent. All three first phases of 322 flats were sold out by the end of September and prices for the next phase start at £68,950.

St George has proved that people will take a risk with location if it means getting a cheap flat to buy or rent in central London.

It will be interesting to see if other developers follow their lead next year.

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## Development Preview 1998

Saturday, January 17

A 12 page property supplement is scheduled to appear on January 17th 1998.

As an exclusive market place for international developments this issue will provide an exciting outlook for the new developments on the market in the New Year.

Editorial topics will include London, Liverpool, Manchester, Leeds and Harrogate, as well as prestigious international sites.

For further information regarding the supplement, please contact the Property team:

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Fax: +44 171 873 3098

Weekend FT

## PROPERTY

In the country

## Glory to the highest bidder

Gerald Cadogan looks at the way competition has pushed up the prices of big estates

Millions of pounds have changed hands in 1997 in just a few transactions, as big estates, the highlights of the country property market, have sold freely.

The benchmark was set early on by Pusey in Oxfordshire which Strutt & Parker and Knight Frank listed for £5.5m and sold for around that price.

A few grand estates (desirable properties such as Hackwood, Luton Hoo and Cricket St Thomas) have still to sell, but almost all the others that were put up for sale have been snapped up - much to the delight of the vendors' and the smart firms of estate agents that have been representing them.

Estates are still coming to market. Only this month, Bidwells launched Intwood Hall in Norfolk (1,081 acres, big house, dower-house, farmhouse and cottages) for offers over £5.75m. When the market is strong, there is no close season, notes James Laing of S&P, who will be bringing several properties to market in January.

At this level, buyers need agents too, to provide essential expertise, in valuing an estate, the procedure is for both parties (venders and buyers) to assess first the value of its parts - house, garden, farm, fishing and

shooting, milk quota, etc - and then to estimate an X-factor to reflect the premium for buying the whole.

In 1997, some estates achieved astounding X-factors, as buyers competed for the glory of the purchase, and agents resorted to Scottish-style sealed bids or private auctions, which combine the efficiency and decisiveness of a public auction with the discretion of a private sale.

Distance from London is an element in the X-factor. The ideal is to be indisputably in the country, yet an easy drive from London - hence the thriving markets in Hampshire and Berkshire.

Being close to the A40 Witney bypass helped the sale of Asthall Manor in the Cotswolds, which must take the prize for the largest percentage premium over the guide price in a public sale. S&P asked for £1.35m for this lovely house in the Windrush valley (see below) and obtained a startling £3.15m, even though it has only 137 acres of land and few



The Pusey Estate: set the pace for the rest of the year with an £5.5m sale

outbuildings and cottages.

Another stunning sale, with more land (890 acres) and a working farm, was Culham Court outside Henley, ideally placed for Heathrow and London, which KF sold at £12m, for an 85 per cent premium to the £6.5m guide price.

How many big sales have occurred on the private market, where they are usually subject to confidentiality agreements, is hard to estimate. But the country

sale with the highest price in 1997 is said to have been the Ramsbury estate in Wiltshire, at around £17m.

The phenomenal success of big estate sales in 1997 is largely attributed by Laing to investor-buyers, both UK and foreign.

More generally, country house prices rose by between 10 and 15 per cent in 1997, KF suggests, with some top properties increasing by as much as 25 per cent. But there have been wide

regional variations - plus local variables such as proximity to a big city or airport or the main type of local farming.

Prices are also affected by being in undervalued areas where prices are recovering, such as Norfolk, or in areas, such as the north, which never seem to undergo the peaks and troughs of the south-east.

Putting a value on individual properties in the country can also be much harder than in London as they vary so much - there are often no identical houses to allow meaningful comparisons.

What lies behind the present zest of the country market? It is partly because money is still flowing out of London, says William Gething of buying agent Property Vision. "And as the turnover in country properties is tiny compared to London, prices have to rise," he explains.

Rises have virtually stopped in London, he judges, but not yet in the country. "When every house in Kensington is now worth a

million, and many £1.5m, people who want to move to the country have phenomenal buying power." This is especially so for those who bought years ago for £50,000 or £100,000, which is quite common.

But exchanging a house in Phillimore Gardens (selling there is the easy part) for a place in Oxfordshire, for example, can be a two-year project, says Gething. Buyers have to be patient, which often means renting until the right house comes on the market. But beware in 1998 - country rents, currently around £12,000 to £15,000 a year, are bound to rise to reflect higher rural capital values.

Farmers have had a difficult year. During 1996 they added parcels of land, often at sky-high prices, to their farms. They could justify the prices because of the economies of scale - higher profits from working more acres with the same tally of people and machines. This year, farmers have not had the spare cash. Fall-

ing grain prices, meat scares and the strength of the pound against the Ecu (meaning lower payments from the EU) have all hit their pockets.

For UK investor-buyers, threatened tax changes (which failed to materialise) added to the urgency of the market. These two tax breaks remain of huge value to investors. But there is no guarantee they will be left alone in March. In the meantime, the land market will continue to be lively through the winter.

These tax rules do not affect foreign buyers, who are increasing in numbers and making the country market steadily more international. Gething knows of Americans who live and work in London, and like the country.

Continental buyers are also eager. For one of them, Laing has recently bought a 900-acre farm in Shropshire, with a Georgian house, 10 cottages, and good shooting and fishing, at a confidential price.

"He wanted something quiet, away from the fashionable side of Europe," says Laing. "But it is still near Birmingham airport."

For 1998 the country market should continue to be strong at all levels, regardless of what happens in London. KF suggests a 10 per cent rise, with 15 per cent for the top properties, leading to a growing discrepancy between the best and the average.

## Where the millions were spent

Gerald Cadogan lists the most dramatic sales of the year

When a property with a guide price of £1.5m sells for £3.15m, it must have some powerful attractions.

Yet Asthall Manor, at Burford, Oxfordshire, (sold through Strutt & Parker) has relatively little land with it.

Its selling price can be explained partly by its convenient location, close to the A40 trunk road and beside the river in the Windrush valley in the Cotswolds.

It also has rooms galore, and a place in the history of 20th century writing and society, as this is where Lord and Lady Redesdale raised their exuberant brood of Mitford children (who rampaged through the attic and later wrote books such as *Hons and Rebels* (by Jessica) and *The Pursuit of Love* (by Nancy)). They gave plenty of



Luton Hoo: extravagant country palace - asking price, £25m

information on how growing up at Asthall shaped their lives.

But its chief selling point was its rarity value as an untouched Cotswold manor house. Nothing had been changed since the 1930s, making its price soar.

Culham (KF), near Henley-on-Thames, Oxfordshire, was

bought by Martyn Arbib, founder of the Perpetual fund management group, for £12m - the asking price was for offers over £8.5m.

It is a lovely house dating from 1771, listed grade II\*, with 13 bedrooms, gardens overlooking the Thames, a mainly arable farm, and a licence to extract 11m gal-

lons of water a year. Perfect if you have the money.

The island of Elgg (KF and Viadi Private Islands) went for below the guide price of £2m. After plenty of brouhaha, the inhabitants bought this 7,400-acre island in the Hebrides for £1.5m.

Inchmerry (KF and Savills) came on the market at £2m, a Georgian house with only nine acres but a superb position on the Solent at the mouth of the Beaulieu river.

Monkton Mill (John D Wood) reflects extraordinary buying interest in Hampshire. Near Andover, it came on the market at £850,000 and, with six people bidding, sold for £730,000 - a formidable price for a house with four bedrooms and less than four acres.

Naas House (Archer and John D. Wood) is a deeply romantic, almost derelict

early 17th century house in Gloucestershire, whose new owner will need a deep pocket, and endless enthusiasm, to set it right. The price paid was well over the asking price of £250,000.

Westmill at Wharfedale, near Andover in Hampshire, is a three-bedroom detached cottage that fronts on to the river Test and has fishing rights. That adds to the price but, even so, the £395,000 John D Wood achieved is amazing.

Still for sale are: Hackwood Park (KF and Simmons), offers between £15m and £20m) is just outside Basingstoke and easy to reach from London. It has a fine late 17th century house, listed grade II\*, with 2,437 acres, splendid stables, and a remarkable late 17th century wooded park - Spring Wood. Luton Hoo, Bedfordshire, (KF, £25m), is a famously extravagant country palace, with work by Robert Adam and Capability Brown, bought by the diamond baron Sir Julius Wernher in 1903. He added a flamboyant French Beaux Arts-style state dining room and marble staircase hall, using architects who had worked on the London Ritz.

Mere Hall near Droitwich in Worcestershire (Jackson-Stops and Quantrell, £1m) is a Tudor treat in the boldest black and white half-timbering. I am sure the family built it partly to intimidate the neighbourhood. Listed grade I, it has 85 acres.



Asthall Manor: rooms galore and a history to match. With an asking price of £1.5m, it sold for £3.15m



Built to intimidate: Mere Hall in bold black and white is on sale for £1m

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## Gardening

## Cyclamen love the cold

Two days of warmth indoors is enough, says Robin Lane Fox

The main victims of Christmas are the pots of cyclamen that we have just given each other by the thousands. However lovely they look this weekend, they are more than likely to collapse in the modern British interior. What are the problems and what are the options?

The greenhouse cyclamen which we all buy to flower dislike heat and do not want to dry out. Central heating is a deadly enemy and most of those that survive and flourish will do so in parts of the house with a temperature of little more than 40°F.

They will take a day or two of the serious heating humans need, but then they must recuperate in the low temperatures of a weekend home from Monday to Friday, so long as it is protected by a thermostat against frost. The long imprisonment between Christmas and the end of the new year is exactly the sort of hot prospect they hate.

The cyclamen family is fortunate in having an excellent society in the UK and an authoritative guide to its varieties and cultivation. Membership of the Cyclamen Society, at 27 Osmaston Road, Norton, Stourbridge, West Midlands DY8 2AL, costs £5 a year. The society offers fresh seed in a distribution scheme in late summer, an invaluable opportunity you can best appreciate if you read the latest guide to the family.

Christopher Grey-Wilson

is a trained botanist and editor of the Alpine Garden Society's quarterly bulletin. His fine book on cyclamen has been rewritten for a second edition this year (Batsford, £30). It is an exact guide to correct naming, cultivation and the natural distribution of the known varieties. It also explains the value of acquiring fresh seed.

I had not realised, before my Christmas reading, that almost all species of cyclamen ripen their fruits in the same period, usually between late June and the end of July.

It makes no difference if they flower in spring or the previous autumn. The time for fresh seed is late summer, exactly when the Cyclamen Society offers it, and the results from sowing fresh seed are much more successful than the sowing of packet seed acquired from seedsmen's catalogues at any season, probably long after their initial freshness.

Grey-Wilson's loyalties lie with the wild varieties from the natural world, especially from the east Mediterranean and adjoining coastlands. He discusses the cyclamen that we tend to give each other as pot plants, but has no particular answer to the problems of adjusting them to warm rooms, probably because there is none.

He does, however, reiterate a fact I once learnt the hard way. It is a great mistake to allow a cyclamen to sit in a surrounding pot or bowl of water, apart from a



From 'Cyclamen', by Christopher Grey-Wilson: Cyclamen repandum polypetalum in the wild

brief exposure. The usual advice is that potted cyclamen are best watered from the bottom, not from the top where the water will hit the crown. Tepid water is sometimes recommended, but the plants must never be left to sit in it for any length of time.

I am most surprised to learn that Cyclamen persicum, the main species developed for florists, is itself an inaccurate name. The "Cyclamen of Persia" has never been found in Iran. It flourishes in the golden triangle from Cyprus to south-east Turkey and down Lebanon to Israel. It is recorded in western Europe by the 1650s, but even by then its origins had been confused.

The great leaps in the "Persian" cyclamen's range have occurred since the 1800s. The modern search has been for uniformity, pursued on the continent by developing F-1 hybrids and, more recently, by trying to breed the smaller mini-varieties.

Millions of plants are being grown in deployed forms, which will flower after nine months' gestation, whereas the older tetraploids used to need at least 15 months to be fit for sale. The shorter cycle has revolutionised the cyclamen market and makes it possible for growers to plan their year as a single continuity.

Much as I love the large and small flowered forms as pot plants, I share Grey-Wilson's greater fondness for the forms known in the wild. He is quite clear about hardness, crediting the greatest strength to Cyclamen cilicium, the winter corm, purpurascens and biederflorum, which is the name of the one we all tend to grow and know as neapolitanum.

All these forms are widely available and, at the first shows in 1998, we will no doubt be dazzled by the brilliant range of little cyclamen corm and its variations brought to London by Ashwood Nurseries of Kingswinford, near Kidderminster. Every garden should try some of these hardy, miraculous flowers near a window where they will flower in the dark at the end of January and survive the most awful frost.

## INTERNATIONAL ARTS GUIDE

What's on  
around the  
world

## ■ AMSTERDAM

## EXHIBITIONS

**Rijksmuseum**  
Tel: 31-20-673 2121  
Medieval illustrated histories: the Hausbuch and its Master. Drawings, prints and a panel painting by the Master of the Amsterdam Cabinet, including the 64 sheets of the Hausbuch; to Jan 18

## Stedelijk Museum

Tel: 31-20-573 2911  
www.stedelijk.nl  
Malevich: Works on Paper from the Khardzhiev Collection Exhibited for the First Time. 79 drawings in pencil, chalk, gouache, ink and watercolours, spanning almost the whole of the Russian avant-garde artist's career; to Jan 25

## Van Gogh Museum

Tel: 31-20-570 5200  
Auguste Préault (1809-1879)  
Romanticism in Bronze. 75 sculptures and medallions by the nonconformist whose works, during his lifetime, were regularly rejected by the Salon jury; to Jan 11

## OPERA

## Netherlands Opera, Het Muziektheater

Tel: 31-20-551 8911  
Dialogues des Carmélites: by Poulenc. New production conducted by Yves Abel in a staging by Robert Carsen. Cast includes Joan Rodgers and Sheri Greenwald; Dec 28, 30

## ■ BALTIMORE

## EXHIBITIONS

**Baltimore Museum of Art**  
Tel: 1-410-396 6310  
A Grand Design: The Art of the Victoria and Albert Museum. First stop of a five-city North American tour of selected objects from the V&A's collection; to Jan 18

## ■ BARCELONA

## EXHIBITIONS

**Fundació "la Caixa"**  
Tel: 34-93-207 7475  
Rembrandt: The Human and the Natural Landscape. 91 etchings from the Rembrandt House Museum in Amsterdam. The exhibition will transfer to Madrid; to Jan 11

## ■ BASLE

## EXHIBITIONS

**Offentliche Kunstsammlung Basel**  
Tel: 41-61-271 0828  
Peter and Samuel Blummann - Artists, Collectors, and Dealers; Kunstsmuseum; to Jan 11

## ■ BERLIN

## CONCERTS

**Philharmonie**  
Tel: 49-30-2548 8354  
Berlin Philharmonic Orchestra: conducted by Claudio Abbado in works by Weber and Beethoven; Dec 30, 31

## OPERA

## Deutsche Oper

Tel: 49-30-34384-01  
● Hänsel und Gretel: by Humperdinck. Conducted by Olaf Herzold in a staging by Andreas Homoki; Dec 27, 30  
● Le Nozze de Figaro: by Mozart. New production conducted by Christian Thielemann and staged by Götz Friedrich, with sets by Herbert Wernicke; Dec 28, 31

## ■ BONN

## EXHIBITIONS

**Kunst- und Ausstellungshalle der Bundesrepublik Deutschland**  
Tel: 49-228-917 1200  
Kunststille Bremen: selection of important works including paintings, sculptures and copper engravings from the collection of the Kunststille Bremen; to Jan 11

## ■ CHICAGO

## EXHIBITIONS

**Art Institute Of Chicago**  
Tel: 1-312-443 3600  
www.artic.edu  
Renoir's Portraits: Impressions of an Age. Around 65 paintings spanning the artist's career, of subjects including Claude Monet and Madame Renoir; to Jan 4

## ■ CLEVELAND

## EXHIBITIONS

**Cleveland Museum of Art**  
Tel: 1-216-421 7340  
www.clevelandmuseumofart.org  
When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Including the most important known "cloth of gold". The exhibition will travel to New York; to Jan 4

## ■ COPENHAGEN

## EXHIBITIONS

**Louisiana Museum of Modern Art, Humlebaek**  
Tel: 45-4918 0719  
www.louisiana.dk  
Alberto Savinio, Paintings 1927-1952: around 30 still lifes, landscapes and mythological compositions by the relatively unknown brother of de Chirico; to Jan 11

## ■ EDINBURGH

## EXHIBITIONS

**National Gallery of Scotland**  
Tel: 44-131-624 6200  
Turner Watercolours: bequeathed in 1900 by the Victorian collector Henry



'Still Life - Glove and Newspaper', 1921, by Joan Miró, at the Hayward Gallery, London, until Jan 4

Vaughan, these 38 paintings have been exhibited annually for more than 90 years; from Jan 1 to Jan 31

## ■ FORT WORTH

## EXHIBITIONS

**Kimbell Art Museum**  
Tel: 1-817-3328451  
www.kimbellart.org  
Impressionist and Modern Masterpieces: The Rudolf Staechelin Family Foundation Collection of Basel. First American showing of 26 paintings including Gauguin's Nafea Faa Ipohe (When Will You Marry?), and works by Cézanne, Matisse and Picasso; to Jan 11

## ■ FRANKFURT

## EXHIBITIONS

**Schirn Kunsthalle**  
Tel: 49-69-299 8820  
Holy Russia: Icons and the Rise of Moscow 1400-1600. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 18 manuscripts. The period was a crucial one, which marked the rise of Moscow. To Mar 1, after which the exhibition will travel to London

## ■ GLASGOW

## EXHIBITIONS

**Burrell Collection**  
Tel: 44-141-649 7151  
Sir John Lavery (1856-1941): The Irish Glasgow Boy. Highlights include "The Tennis Party" (1885) and "State Visit of Queen Victoria to the Glasgow International Exhibition" (1888); to Jan 25

## ■ HONG KONG

## EXHIBITIONS

**Hong Kong Museum of Art**  
Tel: 44-171-338 8500  
www.usd.gov.hk/CE/Museum  
National Treasures: Gems of China's Cultural Relics. Major exhibition assembling some 160 works of art on loan from China's 30 museums. Includes bronzes, jades, ceramics, paintings and tapestries, some of which have never travelled before; to Mar 1

## ■ HOUSTON

## EXHIBITIONS

**Museum of Fine Arts, Houston**  
Tel: 1-713-639 7750  
The Dark Mirror: Picasso, Photography and Painting. More than 300 works, the majority of them photographs, which will illustrate the relationship between the various media in which Picasso worked; to Feb 1

## ■ LONDON

## CONCERTS

**Berlitan Hall**  
Tel: 44-171-379 5399  
New Year Viennese Evenings: John Georgiadis conducts the London Symphony Orchestra in a programme including dances by the Strauss family; Dec 31; Jan 1, 2

## DANCE

## Royal Festival Hall

Tel: 44-171-928 8800

The Royal Ballet: programmes including Les Patineurs, Peter and the Wolf and Tales of Beatrix Potter; Dec 27, 29, 30, 31; Jan 1, 2

## EXHIBITIONS

**British Museum**  
Tel: 44-171-636 1555  
Hogarth and His Times: Serious Comedy. Selection of prints and an exploration of different historical approaches to them; to Jan 4

## Hayward Gallery

Tel: 44-171-261 0127  
www.hayward-gallery.org.uk  
Objects of Desire: The Modern Still Life. Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to Jan 4

## National Portrait Gallery

Tel: 44-171-3060055  
● Glyns Barton: selection of ceramic heads and portraits by the British sculptor; to Jan 11  
● Hyenas in Petticoats: Mary Wollstonecraft & Mary Shelley. Celebration of the joint bicentenary of the two women writers. Through portraits, drawings and manuscripts the display examines their lives, times and writings; to Feb 15

## Royal Academy of Arts

Tel: 44-171-438 7430  
● Sensation: Young British Artists from the Saatchi Collection. Showcase of works by some 40 artists including Damien Hirst, Marc Quinn, Mark Wallinger and Rachel Whiteread; to Dec 28  
● Victorian Fairy Painting: exploring the fascination with fairies and the supernatural which took hold of artists and writers in Britain from the early 19th century to the outbreak of the First World War; to Feb 8

## Tate Gallery

Tel: 44-171-987 8000  
● The Age of Rossetti, Burne-Jones and Watts: Symbolism in Britain 1880-1910. Works by British artists including the pre-Raphaelites Rossetti and Burne-Jones presented alongside those of European contemporaries; to Jan 4  
● The Turner Prize 1997: display of works by each of the nominees on this year's all-woman shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; to Jan 18

## Victoria and Albert Museum

Tel: 44-171-938 8500  
● Carl and Karin Larsson: Creators of the Swedish Style. Recreates five rooms of the famous house at Sundborn, and examines its extraordinary impact on the interior design of our century; to Jan 18  
● Zuloaga: Spanish Treasures from the Khalil Collection. First major exhibition devoted to the 19th century Spanish metalworker and his contemporaries; to Jan 11

## OPERA

## Shaftesbury Theatre

Tel: 44-171-379 5399  
The Royal Opera: The Merry Widow, by Franz Lehár, in a new translation by Jeremy Sams. New production by

Graham Vick, with designs by Richard Hudson; Dec 31; Jan 1, 2

## THEATRE

## Lyric Theatre, Shaftesbury Avenue

Tel: 44-171-494 5045  
Cyrano de Bergerac: by Edmond Rostand, translated and adapted by Anthony Burgess. West End transfer of the RSC production, starring Antony Sher and directed by Gregory Doran

## ■ LOS ANGELES

## EXHIBITIONS

**Museum of Contemporary Art**  
Tel: 1-213-626 6222  
www.MOCA-LA.org  
Cindy Sherman: retrospective tracing the New York-based artist's development from the 1970s to the present; to Feb 1, then touring

## ■ MADRID

## EXHIBITIONS

**Fundació "la Caixa"**  
Tel: 34-1-435 4833  
● Joaquín Mir, 1873-1940: A Life's Journey. Retrospective of around 140 works by the landscape painter; to Jan 25  
● Martín Puryear: first European retrospective of the American sculptor, b.1941. The display comprises around 40 works produced since the mid-1970s; to Jan 11

## Museo Nacional Centro de Arte Reina Sofia

Tel: 34-1-467 5062  
Fernand Léger: (1881-1955) retrospective comprising some 220 paintings and drawings by the early modernist; to Jan 12

## ■ MILAN

## DANCE

**Teatro alla Scala**  
Tel: 39-2-88791  
Giselle: with sets and costumes by Marie-Louise Ekman; Dec 31

## EXHIBITIONS

**Fondazione Antonio Mazzotta**  
Tel: 39-2-878 197  
Kandinsky: more than 100 works, 30 of them paintings; to Jan 11

## OPERA

## Teatro alla Scala

Tel: 39-2-88791  
Macbeth: by Verdi. Conducted by Philippe Auguin in a staging by Graham Vick, with designs by Maria Björnson; Dec 28, 30; Jan 2

## ■ MUNICH

## EXHIBITIONS

**Haus der Kunst Ellwangen**  
Tel: 49-89-224 412  
COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists who derived their movement's name from their three cities of origin: Copenhagen,

Brussels and Amsterdam; to Jan 11

## ■ NEW YORK

## CONCERTS

## Lincoln Center

Tel: 1-212-721 6500  
www.lincolncenter.org  
● New York Philharmonic: Holiday Brass. Members of the Philharmonic Brass and the Canadian Brass; Dec 27  
● New York Philharmonic: New Year's Eve Gala. Programme of works by Tchaikovsky, Mussorgsky, Ravel and Bizet. Valery Gergiev conducts. Soloists include mezzo-soprano Olga Borodina, bass Samuel Ramey and pianist Alexander Toradze; Avery Fisher Hall; Dec 31

## DANCE

## New York City Ballet, New York State Theater

Tel: 1-212-870 5570  
George Balanchine's The Nutcracker; Dec 27, 28, 29, 30, 31; Jan 2

## EXHIBITIONS

## Brooklyn Museum of Art

Tel: 1-718-638 5000  
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Riviera in the 1880s, to Venice in 1908; to Jan 4

## Guggenheim Museum

Tel: 1-212-423 3500  
www.guggenheim.org  
Robert Rauschenberg: major retrospective consisting of some 400 works spanning the artist's 50 year career. The exhibition begins at the Solomon R. Guggenheim Museum and continues at the Guggenheim Museum SoHo; to Jan 7

## Metropolitan Museum of Art

Tel: 1-212-879 5500  
www.metmuseum.org  
● Drawings of Filippino Lippi and His Circle: first major exhibition of work by the Quattrocento painter. Of the 117 drawings on display, 80 are by Lippi, including rare loans from around the world; to Jan 11  
● Flowers Underfoot: Indian Carpets of the Mughal Era. 50 rugs from the 16th to 18th centuries. With loans from private collections in India, Europe and Japan; to Mar 1

● King of the World: A Mughal Manuscript from the Royal Library, Windsor Castle. The Padshahnama, by Abdu-Hamid Lahawri, made for the emperor Shah-Jahan; to Feb 8  
● The Private Collection of Edgar Degas: sold at auction after his death in 1918, more than 200 19th century French paintings and drawings collected by the artist who once imagined establishing his own museum. Includes works by Ingres, Delacroix, and Impressionists including Manet, with one room devoted to works by Degas himself; to Jan 11

Museum of Modern Art  
Tel: 1-212-708 9480  
www.moma.org  
● Achille Castiglioni: Design! First US retrospective of the Italian architect and designer; to Jan 6  
● Egon Schiele (1890-1918): The Leopold Collection, Vienna. Around 150 works by the Austrian Expressionist, dating from 1905 through 1918; to Jan 4

● On the Edge: Contemporary Art from the Werner and Elaine Dannheisser Collection. More than 80 works by artists including Tony Cragg and Cindy Sherman; to Jan 20

Pierpoint Morgan Library  
Tel: 1-212-685 0008  
● Cultural Curios: Literary and Historical Wonders - relics of the great and the wise, including such oddities as Lewis Carroll's pocket watch and Voltaire's briefcase; to Jan 4

● Medieval Bestseller: The Book of Hours. Selection of 100 of the library's prayerbooks; to Jan 4  
● Romanticism to Realism - 19th Century German Drawings: survey of 50 works from the collection, including drawings by Caspar David Friedrich and watercolours by Adolph Menzel; to Jan 4

Whitney Museum of American Art  
Tel: 1-212-327 2801  
● Fashion and Film: running concurrently with the Warhol show, this film and video series traces the relationship between the two industries, from early fashion newsreels and the studio designers of the 1930s to the present; to Jan 18

● The Warhol Look/Glamour Style: Fashion: major retrospective of around 500 works of art, following Warhol's career from the 1940s to the 1980s, and also including works by his contemporaries; to Jan 18

OPERA  
Metropolitan Opera, Lincoln Center  
Tel: 1-212-362 6000  
www.metopera.org  
Il Barbiere di Siviglia: by Rossini. Revival of a staging by John Cox; Dec 27, 31

OPERA  
Washington Opera  
Tel: 1-202-295 2400  
www.dc-opera.org  
L'Elisir d'Amore: by Donizetti. Conducted by John Keenan in a staging by Stephen Lawless, with designs by John Engels; Kennedy Center Eisenhower Theater; Dec 27, 31

THEATRE  
Kennedy Center  
Tel: 1-202-457 4800  
Black Nativity: Langston Hughes's retelling of the Christmas story; Terrace Theater; Dec 27, 28, 30, 31

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"Fundamental Pictures" of last year; to Jan 4

## Musée du Louvre

Tel: 33-1-4020 5151  
www.louvre.fr  
● A Mission to Persia 1897-1912: display of pictures, objects and photographs retracing the archaeological expedition led by Jacques de Morgan, paying tribute to his career and the mission's discoveries about the ancient civilizations of Iran; to Jan 5

● Etchings from the Low Countries: display of 110 copper etchings dating from the 15th and 16th centuries. Includes works by Lucas de Leyde and Dürer; to Jan 5

● Pajou, sculpteur du Roi: first retrospective devoted to works by the French sculptor (1730-1809), a favourite of Louis XV and Louis XVI. The exhibition will travel to New York; to Jan 18

## OPERA

## Opéra National de Paris, Opéra Bastille

Tel: 33-1-4473 1300  
La Traviata: by Verdi. Production directed by Jonathan Miller and conducted by James Conlon; Dec 27, 30; Jan 1

## Opéra National de Paris, Palais Garnier

Tel: 33-1-4343 9896  
The Merry Widow: by Franz Lehár. Armin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Legato; Dec 28, 31

## ■ ROME

## EXHIBITIONS

**Musei Capitolini**  
Henri Matisse: more than 200 works are included in this major exhibition, which aims to demonstrate the profound influence of Oriental art upon the great modernist; to Jan 20

**Palazzo Ruspoli**  
Tel: 39-6-6830 7344  
www.palazzoruspoli.it  
Fayum: Mummy Portraits. Previously shown at the British Museum in London, this exhibition contains nearly 200 portraits painted on wooden panels, linen shrouds and three-dimensional plaster masks; to Feb 28

## OPERA

## Teatro dell'Opera

Tel: 39-6-481601  
www.thembo.it  
La Flamma: by Respighi. This first production of the season is by Hugo De Ana, and is conducted by Gianluigi Gelmetti; Dec 27, 30; Jan 2

## ■ VENICE

## EXHIBITIONS

**Palazzo Grassi**  
Tel: 39-41-523 1680  
German Expressionism: Art and Society. Kirchner is at the centre of this selection of works, dating from around 1910 to the mid-1920s. Other artists represented include Meidner and Marc; to Jan 11

## ■ VIENNA

## EXHIBITIONS

**Jüdisches Museum**  
Tel: 43-1-535 0431  
www.jmm.at  
Max Lieberman: selection of paintings by the German Impressionist dating from the period 1900-1918, during which the Jewish haute bourgeoisie flourished. Lieberman was an active collector of the French Impressionists, and his collection is partially reconstructed here; to Jan 18

**Kunsthistorisches Museum**  
Tel: 43-1-525240  
Pieter Brueghel and Jan Brueghel: comprehensive survey of the art of the two sons of Pieter Brueghel the Elder. Includes around 130 paintings and 20 works on paper by Jan Brueghel the Elder (1568-1625) and his less celebrated

